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10 February 1982

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No. 1098

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ASEAN IS WORLD'S FASTEST GROWING ECONOMIC GROUP

Kuala Lumpur BUSINESS TIMES in English 2 Jan 82 pp 1, 10

[Excerpts] THE Asean five continued to move ahead at a fast pace last year although there was a slight slowdown in real economic growth when compared with 1980.

The real gross domestic product for the five countries, according to a Philippines' estimate, increased by an average of 7.8 per cent compared with 8.6 per cent in 1980. But when compared with the 1.25 per cent average recorded by the leading industrial countries grouped together in the Organisation of Economic Cooperation and Development, Asean was still the fastest growing economic group in the world.

The growth estimate for Asean comes from the Manila-based Centre for Research and Communication. Singapore again led the list, followed by Indonesia, Malaysia, Thailand and Philippines in that order.

Below is a round-up of the five countries:

MALAYSIA:

The gross domestic product increased at a lower rate of 6.8 per cent in real terms compared to 8 per cent in 1980. Aggregate domestic demand provided the main impetus to growth, supported by strong government and private sector expenditures. The private sector contributed to 70 per cent of total domestic demand and expanded by 20 per cent compared with 22.6 per cent in 1980.

Exports which gave a strong push to growth in

1980 fared badly in 1981. Exports are expected to have increased by only 0.4 per cent compared with 18.3 per cent previously.

The lower rate of growth of exports has largely been due to the decline in prices of major commodity exports, made worse by lower offtake of petroleum crude and electronic components by traditional buyers.

The inflation rate, as measured by the consumer price index, is expected to be about 9.6 per cent (9.9 per cent in the first ten months), compared with an increase of 6.7 per cent in 1980.

SINGAPORE

The republic turned in a 9.7 per cent increase in GDP compared with 10.2 per cent in 1980. It recorded a 5.6 per cent increase in productivity while unemployment remained at 1.9 per cent.

In his new year message, Prime Minister Lee Kuan Yew said Singapore survived the recession in the majority of industrial countries "because Japan's economy still surged ahead and pulled Singapore along as well as its Asean partners."

The republic has managed to keep production costs down which Mr Lee attributed to stable political, economic and industrial relations and orderly wage rises.

Inflation was held down to 8.1 per cent, slightly lower than the 8.5 per cent in 1980. The de-

cline reflects the impact of stable oil prices as well as the 8.4 per cent appreciation of the Singapore dollar against a weighted basket of currencies of its main trading partners which helped keep down import costs.

PHILIPPINES:

Last year was seen as one of the most turbulent for the economy as restructuring towards a freer economic environment got underway. Major setbacks included the collapse of major conglomerates, necessitating rescue measures by the government and bank runs which almost crippled the business sector.

The year saw the economy fall short of its growth target because of a depressed stock market, weakening currency, sluggish exports, mounting foreign debts and a widening balance of payments deficit.

But the increase of a five per cent GDP was not too far below the 5.4 per cent achieved in 1980 or the average of 6.1 per cent for the 1970s.

The only apparent pluses were a lowering of the inflation rate from 19.1 per cent in 1980 to about 11 per cent, a further strengthening of the non-traditional exports and the maintenance of the confidence of foreign investors, resulting in an inflow of over US\$1.2 billion, mostly in the form of long term loans.

Export earnings are estimated by the Manila centre to have increased 12 per cent but imports

rose at 14 per cent with a corresponding widening in the trade deficit as well as the current account balance.

INDONESIA:

Real GDP is expected to have decreased from 9.6 per cent to 8 per cent due to softer oil and commodity prices and the slowing down of both oil and non-oil exports.

The inflation rate, usually in double digits was mercifully cut to seven per cent compared with 16 per cent in 1980.

The current account surplus last year is expected to decline to US\$488 million while the capital account surplus is estimated at about US\$1.8 billion.

The overall balance of payments is estimated to yield a surplus of US\$2.3 billion, four per cent down from 1980.

THAILAND:

Real GDP growth is expected to have increased slightly to seven per cent due to the increase in agricultural output as a result of good weather conditions.

The inflation rate is estimated to have declined to about 15 per cent due mainly to stable oil prices although prices of other imported items increased.

Total exports are expected to increase by about a third to US\$8.6 billion and total imports by about a quarter to US\$12.1 billion.

The balance of payments is expected to show a deficit of US\$484 million due to the decline in capital inflows into Thailand.

FOREIGN AID, HIGH-YIELD RICE MAIN FACTORS IN ECONOMIC GROWTH

Kuala Lumpur BUSINESS TIMES in English 28 Dec 81 p 6

[Article by Paul Wedel in Rangoon]

[Excerpt] Despite a wealth of natural resources, Burma is still among the poorest countries in South-East Asia with a per capita income of only about US\$175 per year. But for the first time since the military seized power in 1963 and set the country on the "Burmese path to socialism" the country is experiencing progress and its problems rather than simple stagnation.

Debt problem

The economy grew at nearly 8.5 per cent last year and only a glutted world rice market and a fuel shortage stand in the way of similar growth this year. Foreign aid and the effective application of new high-yield rice grains to Burma's rich soil are mainly responsible for the growth that has brought the country back from the verge of bankruptcy and social disintegration in 1973.

The World Bank and the Asian Development Bank have contributed more than US\$650 million since then, but the leading contributor with more than US\$1 billion in soft loans has been Japan.

One Burmese called the surge in Japanese aid and economic interest "the second Japanese invasion of Burma" recalling Japan's World War II occupation. "But this time the Japanese are here for the long term," he predicted.

More than 40 per cent of Burma's foreign debt is to Japan. Japanese trucks carry much of the country's products. The giant Mitsubishi Company expanded the main refinery, is building a new one and set up Burma's first television station. Japan has bought one million barrels of crude oil at bargain basement prices.

The United States has contributed only through a modest rural health programme and a grain seeds programme that is just starting. Officials said the Burmese government has been extremely cautious and careful of any aid that it suspects might come with political strings attached.

"Burma has had the humiliating experience of being a colony before," said a retired Burmese diplomat, "and we will always be very careful to make certain that no foreign country can ever control us again, either economically or politically."

So despite the effectiveness in foreign funds in bringing development, the government still allows no direct foreign investment in Burma. This has resulted in a lopsided dependence on loans that has brought a debt-repayment problem.

More than 30 per cent of all Burma's official exports go just to pay the interest on its loans.

Some analysts feel that Burma will eventually have to loosen up

its strictly socialist economic system. Already many government enterprises have been put on profit system and incentives have been offered for increased productivity. But despite its conspicuous failure, there seems to be little high level interest in altering the basic socialist system.

The government owns most basic production and has attempted to distribute its products through a series of state stores. Inefficiency and corruption, however, have seriously undermined the system.

"The only thing you can find in the government stores is the price list," one Burmese complained. "The goods themselves have been sold out the back door or kept for show to visiting officials."

The failure of the system has led to the growth of the country's ubiquitous black market. In fact, it is hardly black at all.

Foreign goods from watches to televisions that have evaded government taxes can be found in daylight on almost every street corner in the city. Although the government pharmaceutical factories are supposed to meet the country's needs, out-of-date medicines smuggled over the border from neighbouring Thailand still fetch premium prices.

Because the market supplies so much of the consumer needs of the people, the government has tended to close its eyes to it, at least once the goods have gotten past the border areas.

However, the black market in Burmese goods — particularly gems, jade, rice and teak being smuggled abroad — is more vigorously suppressed.

The government recently introduced a schedule of awards to those who help in the seizure of such goods. An informer gets 20 per cent of the worth of the goods and the arresting government unit gets 10 per cent, all tax-free.

"It's ironic that the government has had to resort to free enterprise-type incentives to suppress free enterprise," an Asian diplomat said.

There seems to be a growing realisation that in comparison with its neighbours in South-East Asia, Burma has not taken sufficient advantage of its rich assets of vast teak forests, rich agricultural land, petroleum and mineral deposits.

Changes were made long before the architect of the Burmese socialist system, General Ne Win, stepped down as president in November. But the acceptance of foreign aid and the placing of government enterprises on a more profit-oriented basis have come gradually.

Ne Win still wields great power, and the people who will eventually replace him seem to have the same commitment to a basically socialist system.

But diplomats said they detect an increasing pragmatism among Burmese leaders. It is just that change in Burma moves very slowly. — UPI

REPORTED AGREEMENT WITH DACCA ON REPATRIATION OF REFUGEES

Kuala Lumpur BUSINESS TIMES in English 21 Jan 32 p 21

[Text]

BANGLADESH and India are reported to have reached partial settlement of one of several thorny problem causing tension between them — ~~unrest~~ and armed insurgency by tribal minorities in the hills of the south-east corner of Bangladesh.

Official sources have confirmed that agreement had been reached on terms for repatriating nearly 1,500 tribal families who fled to India earlier this year.

The overwhelming majority of the Bangladesh population of 90 million are Muslim Bengalis. Because of shortage of land and timber in the delta areas of the country, there has been increasing settlement over the past decade of Bengalis in regions like the Chittagong hill tracts which are relatively lightly populated.

There are 16 mainly Buddhist tribes, totalling about 550,000 people, in the hill tracts.

A central government-sponsored hydroelectric power project which displaced large numbers of local people and an influx of Bengali settlers triggered unrest that led to armed insurgency in 1972 by tribal rebels fighting to preserve their identity and autonomy.

Bangladesh authorities claim that since the overthrow by the army of the pro-Indian Awami League government — headed by the late Sheikh Mujibur Rahman in 1975, India has intermittently provided sanctuary, arms, money and training to various hilltribe insurgent groups.

After small-scale clashes between guerrillas and Bangladesh forces in the Chittagong jungles, the main rebel group — the Shanti Bahini with several thousand armed men — stepped up its operations last year. This included attacks on Bengali settlers and reprisal killings of tribesmen by Bengalis.

One casualty of this unrest was a US\$13.2 million Australian government-aid project started in 1978 to build a new road to support rural development in the Chittagong hills.

When the aid agreement expired last January, it was not renewed although only about one-third of the earthworks were completed. One of the reasons was that some local tribesmen objected to the road because it brought with it both outside settlers and the security forces.

This raised the possibility of an attack on

about 10 Australians, mainly engineers and supervisors, working in the area.

Much of the hill region is closed to foreign journalists with the government trying to ease the situation by a combination of negotiation, resettlement of uprooted tribesmen, economic development and military operations against guerrillas.

In late September the Bangladesh Foreign Ministry said about 500 "armed miscreants" launched an attack in the Chittagong hills and then fled back into India "where they appear to have found sanctuary."

At about the same time, India warned Bangladesh that the influx of refugees from the hill tracts into its territory was assuming serious proportions.

A government statement in New Delhi said India took note of allegations that atrocities which had been committed against the tribesmen had the support of sections of the Bangladesh government.

There has been dispute between the two sides over the number of people who fled across the border. Indian Press reports, quoting official sources, suggested that up to 30,000 had taken refuge in India. Bangladesh says no more than 7,000 left home. — *Depnews* (By special arrangement with *The Age*, Melbourne.)

PROVISIONAL LIST OF CANDIDATES FOR PARLIAMENTARY ELECTION (1982)

Circular PPDAS-10 (Indonesian 28 Nov 81) p. 1, 12

Subject: "Provisional List of Candidates for the 1982 General Election to the DPR/MPR"

As stated in Circular 21 November, in accordance with the established schedule, the Indonesian Election Committee (PPD) ratified the provisional list of candidates for the 1982 parliamentary election. For the 17 electoral districts, there are 621 candidates for the Development Unity Party, the National Party (PAP), candidates, and six Indonesian Democracy Party candidates.

The table below recapitulates the number of candidates in the 1982 parliamentary general election.

R. Soeprapto, secretary general of the Department of Internal Affairs and PPI secretary, said in his report, among other things, that the list of provisional candidates was completed by the Central Screening Committee (PANSITPUS) on schedule, by 16 November. This list will be reproduced immediately and distributed to the regions so that with wide and effective notification, voters, especially the voters, will know who the candidates are and where necessary can also their reactions.

The provisional list of candidates will be published for a full month, from 21 November 1981 to 19 December 1981, while the ratification and establishment of the final list of candidates is scheduled to be completed by 9 February.

The internal affairs minister/PPI chairman, in his welcoming address, also stressed that anyone who feels it necessary may file his opposition to anyone on the provisional list in writing to the PPI, giving reasons for such opposition.

In the provisional list are nine new names which were submitted by the following party (outside of the general election). Of particular interest is the order in which these candidates appear which the organizations have split into (from left to right the PAP/MP): Most striking is the composition of the PPI (Development Unity Party) candidates, following the "war of words" emanating from the Mr. (Bahlil) Arinal and Mr. (Indonesian Muslim) Iskandar which caused a great flurry in the mass media. For instance, for the central Java electoral

Number	Electoral District	Number of DPR Candidates To Be Elected		Maximum Number of Can- didates	Number of Candidates on the Provisional Candidate List		
		PPD	DULEKS		PDI		
1	Special Region of Aceh	10	20	20	27	20	
2	North Sumatra	14	35	29	38	28	
3	West Sumatra	14	28	28	37	10	
4	Riau	6	12	11	12	11	
5	South Sumatra	11	22	22	21	22	
6	Lampung	6	12	12	11	11	
7	Bengkulu	4	8	8	8	5	
8	Lampung	8	16	16	16	14	
9	West Java	50	100	57	99	44	
10	Special Capital Region of Jakarta	13	26	25	26	21	
11	Central Java	51	102	93	102	67	
12	Special Region of Yogyakarta	6	12	9	12	8	
13	East Java	57	114	98	114	48	
14	West Kalimantan	7	14	13	14	13	
15	Central Kalimantan	6	12	12	12	7	
16	South Kalimantan	17	20	20	20	8	
17	East Kalimantan	6	12	12	12	10	
18	North Sulawesi	6	12	10	11	12	
19	Central Sulawesi	4	8	7	8	7	
20	South East Sulawesi	4	8	7	8	6	
21	South Sulawesi	23	46	46	43	20	
22	Bali	8	16	8	16	13	
23	West Nusatenggara	6	12	12	12	12	
24	East Nusatenggara	17	24	19	24	16	
25	Maluku	4	8	7	8	6	
26	Irian Jaya	9	18	11	18	11	
27	East Timor	4	8	5	8	6	
Totals		360+4	720+8	625	719	456	

district K. H. Saifuddin Suhri, who on 19 November withdrew from his post as DPP PPP [Central Executive Committee, Development Unity Party] chairman, is listed as number 20 while Drs M. Zamroni is listed as number 18. Both the former leader and the young NU leader are DPR [parliament] members and clearly will find it hard to be re-elected because PPP only obtained 15 seats in the 1977 general election. The same is true for H. M. Yusuf Hasjim and Drs Othman Ali of East Java.

As in past general elections, most of those highest on the list of GOLKAR candidates are administrators and people's leaders who functioned as "vote getters." Of interest is the number of young generation leaders who have been listed in winnable positions as is evident, among others, for the West Java electoral district. Further, several DPR members who now sit in the ABRI [Indonesian Armed Forces] faction, are now listed as GOLKAR candidates as, for instance, Abdul Firman, who is listed as number 15 in the rank order for Java.

"About 60 percent of the GOLKAR candidates are new faces and 50 percent of them are young generation leaders. As long as they are on inactive status in ABRI it is permissible for ABRI faction members to be GOLKAR candidates now. It is not true that all ABRI faction members are on active duty in ABRI," H. Amir Murtono, DPP GOLKAR general chairman, replied to a newsman's question.

Concerning the composition of the PDI [Indonesian Democracy Party] provisional list of candidates, many new names have been put forward. This is readily understandable since six PDI faction leaders who won in the 1977 parliamentary election have been recalled whereas the PDI faction has only 29 seats. While the outcome for the new names placed on the list is expected to be the same as that for the 1977 election, many of these names are not foreign to us because most of them sit as DPP PDI members. The remainder are members of parliament now.

A total of 82,082,934 Indonesian citizens are registered as voters for the 1982 general election, including 76,466 voters residing abroad who have been included in the Special Capital Region of Jakarta electoral district. They are entitled to use their voting rights on 4 May 1982.

H. Ismael Hassan, chief of the Public Relations Bureau of LPU (General Election Institute), revealed this information in response to a question from KOMPAS. He clarified that the figures were obtained from registrations that took place during visits to the homes of residents done simultaneously from 1 to 20 May 1981. Voters are citizens who were 17 years old by 19 July 1981.

Yellow ballots, which number 97,349,556, are being prepared for the election of DPR members (central), 97,349,556 white ballots are being prepared for the election of Level I DPR members, and 13,018,471 blue ballots are being prepared for the election of Level II DPRD [regional legislature] members. These three types of ballots are being used in only 25 provinces because ballots using symbols are being used for the Level I region of Irian Java (651,701 voters) and Level I region of East Timor (306,602 voters).

"Percentagewise, 56.01 percent of the population will be eligible to vote in the 1982 election, which is more than the 46 percent who were eligible to vote in the 1977 general election. This means that the 1982 election will receive more attention from the public and, of course, without the aid of the public, the general election will not be a success," Ismael Hassan said.

TWO MEMBERS OF EAST TIMOR LEGISLATURE ARRESTED

Follows Allegations Against Military

Kuala Lumpur NEW STRAITS TIMES in English 21 Dec 81 p 17

[Text]

JAKARTA, Sun. — Members of the East Timor Parliament have been arrested after reporting to President Suharto on alleged misconduct by the military authorities in the former Portuguese colony, according to Indonesia's leading human rights lawyer.

Jakarta declared Portuguese Timor a province of Indonesia in 1976 following an outbreak of civil war. Its annexation, which has not been recognised by the United Nations, was followed by three years of fighting between Indonesian troops and Frettilin Independence guerrillas.

Lawyer Adnan Nasution said several members of East Timor's Peoples Representative Assembly were arrested on Nov. 18 in Dili, the capital, and later taken to Denpasar, on Bali Island.

He said that in June, the East Timor Assembly had deputed two members to travel to Jakarta to deliver to the President a document listing their grievances.

The petition was also presented to other senior officials, including Defence Minister Mohammed Jusuf and Interior Minister Amir Machmud.

The document, signed by the envoys, Leandro Isaac and Joao Pedro Soares, and presented on behalf of the Regional Peoples Representative Assembly, expressed "immeasurable feelings of joy" by the Timorese

that they were integrated into Indonesia five years ago.

But, it said, a few members of the military administration "have introduced behaviour that can only be described as being the behaviour of conquerors towards a conquered people."

It said the Peoples Assembly was "continually, with deep sorrow, receiving verbal as well as written reports or complaints from the people about torture, maltreatment, murders and other unimaginable cases."

The petition went on to list allegations of physical mistreatment of Timorese and documented alleged examples of members of the military administration enriching themselves through monopoly dealing in local products such as coffee and sandalwood.

A report

According to the document, which well-informed sources said was similar to a secret report compiled recently by Catholic priests in Timor for the Vatican, a large proportion of the funds

provided by the Central Government for development in East Timor had found its way into the pockets of a few corrupt military officials in the province.

The Timor Peoples Assembly had discovered that "hundreds of millions of rupiah" of Government money which should have been spent on fresh water-fish projects and building agriculture services offices among other works had disappeared, while Government-supplied medicine was finding its way to Chinese merchants rather than state hospitals.

The Assembly appealed to President Suharto to "rectify these distortions" to uphold the good name of the Indonesian armed forces.

Mr. Nasution said the Assembly envoys visited him before presenting their petition and he advised them it was legal and lawful.

"However, since they believed their action might put them in danger they gave me power of attorney and asked me to represent them if they were arrested," he said. — Reuter.

Complaints Against Military

Kuala Lumpur NEW STRAITS TIMES in English 22 Dec 81 p 13

[Text]

JAKARTA, Mon. — Military officials allegedly have committed murder, torture and rape against the people of the former Portuguese colony recently annexed to Indonesia, a report by jailed provincial officials said today.

The report by Provincial Assemblymen Leandro Isaac and Joao Pedro Soares charged the Indonesian military of murdering, torturing and sexually abusing the people of East Timor, a former Portuguese colony annexed to Indonesia in 1976.

The annexation was the outcome of a bloody civil war in which 60,000 people, the equivalent of one-tenth of the population, died.

The East Timor legislators have been jailed since last month when they attempted to deliver their report to President Suharto in the hope of putting an end to the alleged crimes, but a copy of the report was obtained by United Press International.

"In the district of Likisa, tens of people were murdered by the local military command after having been tortured with electricity without adequate reason," the report said.

"In the district of Los Palos, some people were murdered by Battalion 745 because they practised black magic. In the district of Viqueque, tens of inhabitants were murdered after being tortured because they did not obey orders serving the interests of certain individual groups," the report added.

The report further mentioned torture and sexual abuse against Timorese women detained in Dili, the regional capital, 1,300 miles East of Jakarta. — UPI

CSO: 4220/566

TENDERS FOR BIG GOVERNMENT PROJECTS TIED TO EXPORTS

Jakarta KOMPAS in Indonesian 3 Dec 81 p 1

[Article: "Foreign Companies Must Aid Indonesian Exports If They Bid on Big Government Projects"]

[Excerpts] During the present world recession Indonesia must work harder to develop nonoil exports by increasing the competitive power of its export commodities on the international market. The government will do anything that may be possible to make exports more competitive and to expand markets except that no consideration will yet be given to devaluation of the rupiah.

Sudharmono, minister of state and state secretary, made this statement to newsmen following a limited cabinet session for the EKUIN [economic, finance, and industry] sector on Wednesday [3 December] at the Bina Graha.

One of the newest policies for raising nonoil exports, Sudharmono said, will be to tie them to the need for foreign companies who bid on big government projects to aid Indonesian exports. The value of the commodities exported from Indonesia to the foreign company mother state must be proportional to the foreign exchange expended to import goods required for the project.

Under terms set earlier for government projects, the tenders were evaluated to obtain the lowest price and the best quality goods, and in addition the company awarded the project had to cooperate with the Indonesian domestic potential and had to use domestic products. Now, to support these projects, an additional condition will be levied on those submitting tenders for the development of Indonesian exports on par with the foreign exchange expended for the development of the project.

To make domestic products more competitive on the international market, the standards for export commodities must also be raised so that they meet international standards, for instance, the quality standards must be raised for rubber and products of our industries such as plywood, readymade clothing, and others.

In addition the government will also try to improve services by easing administrative procedures, for instance, by facilitating the issuance of export licenses or customs inspections while maintaining vigilance against smuggling.

The same is true for transporting exports. Transportation must be made more competitive because importer nations now import on both a cost and C&F (cost and freight) basis. Therefore godown and port operations must be made more effective.

The role of finance and banking will also be examined. Shortcomings must be overcome to make nonoil exports more competitive.

Sudharmono also brought up figures for inflation. For November, he said, the rate of inflation dropped to minus .32 percent while in the previous month, October, it was 1.17 percent.

For the 11 months of 1981, inflation amounted to 6.58 percent and since only 1 month remains in 1981, we can be assured that the inflation rate for 1980 was under 10 percent. While in the fiscal year, from April to November 1981, the inflation rate was 3.87 percent.

On this occasion Sudharmono also reported that the finance minister had reported to the president that the limitation on taking 50,000 rupiah out of the country or bringing that amount into the Republic of Indonesia was not meant to restrict rupiah traffic but to restrict foreign exchange traffic.

The limitation of 50,000 rupiah was only meant as a safeguard against the entry of counterfeit money into the Indonesian region. A regulation limiting the amount of rupiah that can be taken out of or brought into the Republic of Indonesia actually is in effect but has a 2,500 rupiah limit. In practice this regulation is no longer enforced except for certain individuals who are suspect and who must report the amount of money they carry to Customs officials. Now in order to make this regulation applicable again, the rupiah limit has been raised to 50,000.

"Actually there are no limits; it's just to change the allowance from 2,500 to 50,000 rupiah," Sudharmono said.

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CSO: 1213/27

INDONESIA

JAPAN-INDONESIA ECONOMIC MEETING

Jakarta HARIAN UMUM AB in Indonesian 4 Dec 81 pp 1, 3

[Article: "Indonesia Will Place Greater Emphasis on Economic Export Strategy"]

[Excerpts] Jakarta, HARIAN UMUM AB--Vice President Adam Malik warned that it was time for Indonesia to benefit from the knowledge and experience of Japan in processing enterprises and general commercial firms, because in the not too distant future Indonesia will place greater emphasis on economic export strategy, as Japan does.

The vice president said that this would especially be so after the production of oil began to decline. He made these comments when he was opening the third session of the Indonesia-Japan Joint Economic Committee yesterday [3 December] in Jakarta. He said that Indonesia must develop a variety of non-oil export commodities.

The vice president recalled that recently there has been a tendency toward a structural change in industrial design in the industrialized countries. This was a consequence of the energy crisis, which "forced" the industrial countries to find new sources of energy as a replacement for conventional fuels. This structural change has involved the replacement of energy wasteful machines with computerized industries or knowledge-intensive industries which emit as little pollution as possible. A side-effect of this change, Adam Malik said, is the possible export of energy-wasteful, conventional industrial machinery from advanced countries like Japan to the developing countries.

On this occasion the minister of trade and cooperatives, Radius Prawiro, stated that in the future economic and trade relations between Japan and Indonesia can be expanded further, especially because of the increasing investment of Japanese capital in Indonesia. During the first 4 months of 1981 the BKPM [Capital Investment Coordinating Body] approved a total of \$35 million in Japanese capital for investment in Indonesia. This added to Japanese capital invested in Indonesia, which has amounted to \$3.25 billion since 1968, in 450 projects. "Apart from that there has been a steady increase in the level of trade, and last year the increase in Indonesian exports to Japan amounted to 50 percent, and Japanese exports to Indonesia increased by 60 percent," Radius said.

On this occasion Radius also said that Gross Domestic Product increased by 9.6 percent, and this increase placed Indonesia in position to raise economic growth

even further. In addition the government has also been able to slow down inflation. During 1979 inflation was only 21 percent; in 1980 it was only 16 percent; while during the first 11 months of 1981 it was only 7 percent. By the end of 1981 it was hoped that inflation would not be higher than 10 percent.

Meanwhile, Indonesian exports are now more dependent on oil exports, whose value has tended to decline. Thus, whether we want it or not, non-oil exports must be increased, particularly agricultural and mining commodities.

The Japanese minister of international trade and industry, Shintaro Abe, in a written statement declared that Indonesian-Japanese trade now amounts to \$16 billion, making Indonesia Japan's third largest trading partner. It is believed that this condition will continue to apply in the future.

Shintaro Abe said that Japan, as far as possible, will expand cooperation between the two countries, particularly in the field of assisting small and medium-sized companies, as well as non-oil export commodities.

The meeting, attended by the most prominent businessmen of the two countries, ends today. At the meeting the Indonesian delegation was chaired by Julius Tahiya, and the Japanese delegation was chaired by Eiichi Hashimoto.

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CSO: 4213/29

INDONESIA

RESEARCH MINISTER COMMENTS ON INDUSTRIAL PROJECTS

Jakarta HARIAN UMUM AB in Indonesian 4 Dec 81 pp 1, 3

[Article: "Whether It Wants to Or Not, Indonesia Must Go Into the Area of Nuclear Technology"]

[Excerpts] Jakarta, HARIAN UMUM AB--The minister of state for research and technology, Prof Dr B J Habibie, stated that, whether Indonesia wants it or not, the country must go into the area of nuclear technology to increase the amount of electric power required by the country, both for lighting purposes, domestic needs, and to operate industry.

"In this connection the development plan of the PLTN (Nuclear Energy Electricity Center) has been prepared," said Minister Habibie, in testimony before the Budget Committee of Parliament on Thursday [4 December] at a session presided over by the deputy chairman of the Committee, Dr Rivali Siata, in the Parliament building.

According to the minister, by the year 2000 Indonesia will require an additional 25,000 megawatts of electricity, and 15,000 megawatts can be provided by other existing sources of energy. The remaining 10,000 megawatts must come from nuclear energy.

He stated that the National Atomic Energy Body (BATAN) at present already has atomic reactors in Bandung and Yogyakarta, while a Multipurpose Research Reactor (RPSC) is being planned at Serpong by PUSPITEK [Technology Research Center]. It is hoped that the RPSC in Serpong will be in operation by 1985. By that time Indonesia will be able to decide whether "to go ahead or not" in the field of nuclear technology mentioned above.

However, what is clear is that expert personnel, including researchers and technicians in this field, both in terms of numbers as well as the levels required, are being brought together, while the effects of the use of nuclear energy on society, science, and technology are being mastered by Indonesian experts.

In answer to a question from a member of the committee, the minister stated that in an organizational sense the minister of state for research and technology has no working relationship with the BATAN project, PT Nurtanio [Indonesian aircraft manufacturing company], or PT Pal [Indonesian naval shipyard company], except regarding research activity and the development of technology being carried on by

those bodies. However, Minister Habibie said, "In fact Dr B J Habibie, in addition to being minister of state for research and technology, has also been assigned to provide leadership in several bodies, that is, as chairman of the BPPT [Technological Research Development Body], principal director of PT Nurtanio, principal director of PT Pal, and chairman of the BATAN project."

He said regarding PT Nurtanio that for the last several years it has been possible for Indonesians to take part in designing aircraft with their partners from the Spanish firm CASA. Now they are designing the CN-235 aircraft, the designation coming from the initials of CASA and Nurtanio, which has two engines and a capacity of 35 passengers. It is hoped that the prototype will have been built by the end of 1983, while production is planned to begin in 1985. Also beginning in 1985 PT Nurtanio will begin design of an aircraft larger than the CN-235, to meet the market demand in Indonesia, the ASEAN countries, and internationally, the minister added.

Regarding PT Pal, he said that the company was able to repair Indonesian warships and large merchant ships. By 1990 it is hoped that the company will be able to achieve international standards in the manufacture of its ships.

Regarding the ethanol project at Tulangbawang (in the North Lampung regency) [South Sumatra], Minister Habibie said that the ethanol project is a complete and solid research program, and the usefulness of its product is immediately apparent to the people, especially the local community. Thus, the process for the manufacture of ethanol from cassava has been successfully mastered, both in terms of technique and overall technology by Indonesians. The ethanol produced can be used as a fuel replacing oil, especially for motor vehicles. The ethanol products can also be used as a raw material for domestic industry, such as the pharmaceutical industry (for the manufacture of medicines) and the cosmetic industry, Habibie said.

The ethanol pilot factory at Tulangbawang is hoped to be ready by 1982 or 1983, provided budgetary funds are available. However, if the funds are not available, completion will be delayed by 1 year, said Minister of State for Research and Technology Habibie.

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705: 4213/29

WORLD BANK QUESTIONS SOUNDNESS OF INDUSTRIAL STRATEGY

Kuala Lumpur BUSINESS TIMES in English 12 Jan 82 p 21

[Article by Richard Cowper]

[Excerpts] FOR Indonesian industry 1981 may well be remembered as the year the Government signed more multi-million dollar contracts for new capital-intensive industrial plant than at any previous time in the history of President Suharto's "new order" regime. It will also be remembered as the year the World Bank produced a report which called into question some of the most basic tenets of Indonesia's industrial strategy.

Disappointed by the poor response of foreign investors and buoyed by the income from the near doubling of oil prices in 1973 and 1980 the Government seems to have decided at the end of last year that the time for talk was over. At a cost of around US\$10 billion it committed itself over the past 12 months to setting up a sizeable petrochemicals industry, a doubling of its liquefied natural gas output and a massive expansion in both fertilisers and cement.

The sense of optimism and movement that these developments inspired among planners at the Ministry of Industry and at the State Planning Body (known as Bappenas) were rudely shattered by the controversial World Bank report which raised fundamental questions about the direction of Indonesia's industrial strategy. The report accused the Government of

a serious misallocation of resources which it argued was effectively preventing the development of a viable and broadly based manufacturing sector.

The Bank cast some doubt on the wisdom of the Government's investments in highly capital-intensive sectors, but more pointedly said that a rapid growth in Government intervention over the past five to seven years had created a protectionist and burdensome regulatory system which was stifling growth of the private sector. The Government's most important task was to implement a wide range of structural reforms in the field of tariffs, taxation, commercial law and the financial sector.

At the heart of the World Bank's argument was the pressing need for deregulation and a reduction of Government involvement in the minutiae of industrial planning. The Bank emphasised the need to create an environment conducive to increasing productivity and competitiveness and giving greater encouragement to the private sector.

In statistical terms manufacturing production has been the Indonesian economy during the last decade. In the first half of the 1970s it grew at 13 per cent per annum (in real terms) and in the second half — even from a slightly

broader base — grew at a healthy rate of 13 per cent per annum. Last year it grew at 21 per cent, capping ten years of rapid growth by outperforming all other sectors of the economy.

In absolute terms both Hong Kong and Singapore have manufacturing sectors larger than that of Indonesia. In per capita terms, value added in manufacturing in Indonesia is far below the levels of the four neighbouring Asien states of Thailand, Malaysia, Singapore and the Philippines.

The modern segment of Indonesia's manufacturing sector employs just one million people out of a labour force estimated at over 55 million. Even if growth rates in this sector are high it will only absorb a small proportion of the two million or so new entrants on to the labour market each year.

The World Bank and the Department of Industry now appear to have abandoned the argument that the modern manufacturing sector (as opposed to cottage industry) will play a key role in helping to solve Indonesia's massive under-employment problem. "In the next 10 to 15 years it is clear that agriculture and public works will have to play the key role," says Mr A R Suhud, Indonesia's Minister for Industry.

The Government's strategy is to encourage

the development of those industries where Indonesia has a comparative advantage. These include oil and natural gas, fertilisers, petrochemicals and refining. The Government is also keen to develop domestic industries based on hitherto largely unprocessed exports of local commodities like timber, palm oil and rubber.

Metals

Lastly, and perhaps more controversial because of the economics of scale involved, Indonesia has ambitious plans to develop its metals and machinery-based industries, linking the giant \$2.7 billion Krakatau steel complex to the manufacture of vehicle engines and ships and a whole range of industrial products. The Government also hopes to see the \$2 billion Asahan aluminium smelter project give rise to a number of downstream industries which might ultimately be linked to a massive investment in aircraft manufacture now under way in the city of Bandung.

A foretaste of some of the problems that the Government may have to face can be seen in the steel industry. The Ministry of Industry is now struggling to make viable the Krakatau steel complex. Output is unacceptably low and costs high, leading to a loss of around \$250 million a year.

EMPHASIS ON DEVELOPMENT OF CHEMICAL-BASED INDUSTRY

Kuala Lumpur BUSINESS TIMES in English 23 Jan 82 p 9

[Article by Warief Djajanto in Jakarta]

(Text)

INDONESIA is quietly building up a chemical industrial base designed to wean the country away from imported semi-processed goods that eat up a considerable portion of its foreign currency reserves.

A number of industrial zones are going up in strategically-located regions, which will serve as the focal points of development in the surrounding areas.

Mr Hartono, director-general for basic chemical industries, said that the industrialisation programme envisions the growth of urban centres near the industrial zones.

"This programme is expected to give impetus to regional growth and development, an admittedly sluggish process that has not quite come up to the government's expectations," he said.

Zones already identified for chemical industrial development are in Sumatra, Java Kalimantan, Sulawesi and East Nusatenggara.

The Lhok Nga zone in Aceh is the site of a cement plant slated to be operational next year. The plant will produce one million tons of cement per year.

Under construction at the Lhok Semawe zone is the Asean fertiliser plant, one of five regional industrial projects. Scheduled for completion in early 1984, the plant will

have a capacity of 570,000 tons of urea a year.

Sumatra will also be the site of a pulp and paper mill now under construction with private US capital equity participation. The plant will produce kraft for the manufacture of cement bags and liner boards. It will have a daily capacity of 400-500 tons. Also in the works is a caustic soda plant.

Capacity

Officials claim that the West Sumatra cement plants would eventually be expanded to produce eight million tons a year.

In South Sumatra, the Palembang industrial zone has several smaller fertiliser plants producing 1.62 million tons of urea a year. A cement plant is also on the drawing boards for Baturaja which will produce 500,000 tons a year.

In Java, two cement plants are already operating 30 kilometres south of Bogor in Cibinong. The two plants produce 4.65 million tons a year and are the mainstay of the construction industry in Jakarta and west Java.

The Cilegon-Tangerang zone, about 50 kilometres west of Jakarta, will produce products like tyres paper and synthetic fibres.

The capacity of the existing plant of 52,000 tons of polyester fibre a

year will be increased to 60,000 tons in 1984, while a polyester filament yarn plant whose production now stands at 59,700 tons a year will be boosted to 68,500 tons by 1984.

The Cikampek industrial zone, about 100 kilometres east of Jakarta, has a 570,000-ton-capacity urea plant. Another project on the drawing board is an ammonium nitrate plant for the manufacture of explosives and fertiliser.

The Bekasi zone, 25 kilometres east of Jakarta, has a tyre factory currently producing 3,280 tyres a day. Output is expected to increase to 7,750 pieces by 1985.

Under construction in the Bekasi zone is a paper mill designed to produce 64,000 tons of kraft and medium liner paper. In addition to these plants, a polyester factory is also on the planning stage for the area.

The Cilacap industrial zone in south Central Java already has a 750,000-ton-a-year cement plant, which will be expanded to produce one million tons. Another kraft paper plant with a planned capacity of 50,000 tons a year is under construction in the zone.

On the island of Madura, a two-million-ton cement plant is scheduled to start operation in 1985.

In Sesiayap, East Kalimantan, an integrated

wood plant now under construction will produce 60,000 cubic metres of sawn timber, 81,500 cubic metres of plywood and 165,000 tons of pulp a year.

The heavy emphasis on chemical industry is partly dictated by the national effort to improve the agricultural economy of the country. Agriculture remains a priority area in the country's development planning.

Under the Third Five-year Plan (1979-84), the thrust is to produce goods that would be within the reach of majority of the people who are predominantly low-income farmers.

Financing these ambitious projects does seem to be a major problem. Indonesia enjoys a good credit standing in foreign capitals and international lending institutions. Moreover, its oil revenue of more than US\$16 billion in 1981 is an envy of many developing nations.

The official thinking is that development projects must be undertaken now that money is no problem. Like most oil-producing countries, Indonesia wants to take advantage of the oil boom for national development before it busts.

With the Pertamina crash of 1976 already behind it, Indonesia is making another big effort to cash in on its oil bonanza.

INDONESIA

GRESIK PETROCHEMICAL COMPLEX EXPANSION

Jakarta HARIAN UMUM AB in Indonesian 2 Dec 81 p 3

[Article: "Gresik Petrochemical Complex to Be Expanded with Addition of Five New Factories"]

[Excerpts] Jakarta, HARIAN UMUM AB--The second phase of expansion of the Gresik Petrochemical Company complex, which will make Gresik [East Java] into a new center of the chemical industry, will soon be undertaken with the expenditure of 32.15 billion Japanese yen, in addition to Rp 18.79 billion.

The project, which it is hoped will be completed in 36 months, consists of five new factories. They are, respectively, the sulphate acid factory, with a productive capacity of 510,000 tons per year; the phosphate acid factory, with a productive capacity of 317,500 tons per year; the aluminum fluoride factory, with a productive capacity of 12,600 tons per year; the gypsum factory, with a productive capacity of 440,000 tons per year; and a ZA [as published] fertilizer factory with a productive capacity of 250,000 tons per year.

The contract for the construction of the factories was signed yesterday [1 December] at the Ministry of Industry by the director general of Foreign Monetary Affairs, Soegito Sastromidjojo, and the principal director of the Gresik Petrochemical Company, Dr Sidharta, together with Taizo Yamada from the Mitsubishi Corp and Toshio Tatsumi of Hitachi Shipbuilding and Engineering Co Ltd.

Several Advantages

On this occasion Ministry of Industry A R Soehoed said that the first advantage of the expansion project was that we would later be able to manufacture TSP fertilizer [as published] directly from phosphate rock, without the need to import phosphate acid.

The minister stated that with the production of gypsum for cement, aluminum fluoride for producing aluminum and ZA fertilizer, this means that the project will have established a link between the fertilizer, cement, and metals industries.

Another advantage of the expansion, according to Soehoed, is the growth of the Gresik area as a new center for the chemical industry after Palembang. In this connection the existing facilities in Gresik will be expanded, so that the Gresik industrial zone will develop more quickly.

Meanwhile, the director general of Basic Chemical Industries, Dr Hartarto, stated that up to now phosphate acid, as a raw material for the manufacture of TSP fertilizer, has been imported from several countries. By the end of 1983 our requirements for phosphate acid will increase to 600,000 tons per year.

Dr Djarot, director of Technical Production of the Gresik Petrochemical Company, added that up to now phosphate acid has been imported from Jordan, Egypt, Morocco, the United States, and Nauru, for an annual total of 225,000 tons per year. The largest proportion, or 60 to 70 percent of the total, has been imported from Jordan, because the cost was lower.

Phosphate acid has also been produced in Indonesia, but only in small quantities. Up to now the Gresik Petrochemical Co has developed nine Indonesian subsidiaries to supply sulphate acid.

With the completion of this expansion, sulphur requirements will also increase, from the 60,000 tons per year needed now to 200,000 tons per year. A large proportion of this sulphur will be imported from Canada.

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CSO: 4213/29

PRESIDENT SUHARTO INAUGURATES ASAHAAN PROJECT

Kuala Lumpur BUSINESS TIMES in English 21 Jan 82 p 3

[Text]

PRESIDENT Suharto today inaugurated Asia's biggest and arguably most controversial Japanese foreign aid project, the giant Asahan hydro-electric and aluminium smelting complex.

The cost of the now US\$2 billion scheme on the island of Sumatra has doubled since the Japanese government and a consortium of 12 Japanese investors signed the first agreement five years ago.

Since then there has been widespread criticism of the terms of the contract, under which at least two thirds of the aluminium must be exported to Japan for 30 years, as being an exploitation of Indonesian resources — in this case cheap power — to ensure long-term satisfaction for Japanese industry's appetite for aluminium.

Last October the leading Indonesian nationalist daily, *Merdeka*, said in an editorial the project "seems to be already monopolised by Japan, not only in capital, technology, but also in shipping, sea freight forwarding and all other factors."

The Indonesian government has a 25 per cent interest in the joint-venture company with the remaining 75 per cent held by Japanese investors incorporated in the Nippon Asahan Aluminium Company.

An important part of the Japanese finance has come from the government financing agency, the Overseas Economic Cooperation Fund (OECP), in the form of soft loans and direct investment. Indonesia is the biggest recipient of OECP aid.

Merdeka complained that Tokyo would get the lions share of the product and voiced fears about the environmental effect

privately they are less enthusiastic about Asahan than they were at its inception.

The escalation in cost has made it something of a test of Japan's political commitment to Indonesia while the project has laid Tokyo open to criticism that its aid schemes in the region are primarily designed to ensure supplies of cheap raw material for

JAKARTA, Jan. 20
A HYDRO-ENERGY museum is to be built in Paritohan, near Porsea, site of the Asahan hydro-electric power stations in North Sumatra, to depict the efforts involved in the gigantic US\$2 billion project inaugurated by President Suharto today.

The Minister of Industries, Abdul Rauf Suhud, made the announcement after accompanying a Japanese delegation on a courtesy visit with the President.

The delegation included top executives of the Japanese Overseas Economic Cooperation Fund (OECP), the Japanese Exim Bank and the Japanese International Cooperation Agency (JICA), all of which have been involved in some way in the project. — AFP

of the project on scenic Lake Toba, source of the Asahan River, and the surrounding virgin rain forest.

Sumatrans themselves, who are intensely nationalistic, have long voiced criticisms that the giant plant will be of little benefit to the vast mass of the island's poor population.

Meanwhile some Japanese officials admit

Japanese industry.

The high cost of energy in Japan (electricity prices rose there by 50 per cent last year) has led to a sharp fall in Japanese production of aluminium.

The world's second biggest producer, its output fell by 30 per cent last year not only because of high home energy costs but as a result of cheap foreign imports.

Sumitomo, which has an interest in the Asahan project, is currently operating its three Japanese plants at only 40 per cent capacity and another producer, Showa, plans to close its Japanese smelter next June.

The Asahan smelter is situated at this small Sumatra port some 120 kms (75 miles) from the two 250 mw power stations (only one of which has been completed so far) on the Asahan River. It will produce 75,000 tonnes of aluminium a year initially with output rising to 225,000 tonnes by late 1984.

Despite the controversy surrounding the scheme, Indonesian government officials say the development will provide a big boost to North Sumatra and Aceh provinces, which are rapidly becoming Indonesia's major industrial area.

They say the Treasury will ultimately earn hundreds of millions of dollars from the project, which will give rise to a number of downstream industries.

An aluminium billet plant and rolling mill will be begun in 1985 and plans are in progress for a refinery to turn Indonesian bauxite into alumina for the smelter. At present the bauxite is processed in Japan and re-shipped to Indonesia for smelting. — Reuter

CSO: 4220/555

FOOD A PERENNIAL PROBLEM IN EAST TIMOR

Kuala Lumpur BUSINESS TIMES in English 5 Jan 82 p 21

[Article by Kenneth L. Whiting in Jakarta]

[Text]

THE United Nations International Children's Emergency Fund is due to join two other agencies in tackling the after-effects of starvation and social upheaval in East Timor.

Unicef is putting together a programme and likely will enter the former Portuguese colony about April, said officials in Jakarta.

The International Committee of the Red Cross (ICRC) and Catholic Relief Services, a US group, have been active in East Timor for more than two years.

Interviews with relief workers, Western diplomats, Indonesian officials provided this picture of life in the remote territory on the eastern tip of the Indonesian archipelago:

Most of the people in East Timor have struggled back from famine and dislocation to the bare subsistence way of life that was their lot through four centuries of colonial rule. Disease and starvation, common in parts of the 7,380-square mile territory in 1977 and 1978, are said to be under control.

The emergency period was declared ended in May when the ICRC handed over most of its operation to the Indonesian Red Cross. Catholic relief services finished emergency feeding one year ago and is now involved in long-term agricultural development.

Conditions

"In general, conditions are much better," said Dr Saronto Martoyude, head of the Indonesian Red Cross.

He said the East Timorese would probably always need assistance as they did under the Portuguese since they have never grown enough food to feed themselves.

Jakarta is pouring millions in development funds into the impoverished land while trying to ignore demands from the US to relinquish control of what is now its 27th province. The General Assembly in November voted 54-42 with 46 abstentions to reaffirm East Timor's right to self-determination and independence.

The vote seemed to show a gradual erosion of support for the Frettilin Independence Movement and an increase of backing for Indonesia, which annexed the neighbouring eastern half of the island of Timor in 1976. The Portuguese administrators fled in August 1975 amid civil disorders.

Similar resolution in earlier years attracted larger anti-Indonesian pluralities.

The latest resolution also expressed the "deepest concern at the reports of the critical situation resulting from the new outbreak of famine" and called on the world food programme and various US bodies to provide help.

No confirmation of new famine conditions could be obtained in Jakarta.

"The crops were not so good in many areas," Saronto said. He said stockpiled foods would make up the difference.

Australia is sending 1,000 tons of maize (corn), the staple food, the first third of which is due in East Timor this month. The shipment was increased from 500 tons when crop shortfalls were reported.

"Our critics conveniently forget that food is a perennial problem in East Timor and several other islands in that region," said Jusuf Wananti, director of Jakarta's Centre for Strategic International Studies. The terrain is mountainous and the soil much less productive than on Java or Bali, Indonesia's lush rice bowls.

Critics charged that thousands of lives could have been saved had Jakarta permitted international relief work to begin sooner. By the time the ICRC and Catholic relief services reached the scene in September 1979, missionaries, reporters and others were describing widespread malnutrition and pockets of starvation.

Some predicted a disaster on the dimensions of Biafra or Cambodia. About 300,000 Timorese huddled in 150 resettlement centres at the peak of emergency relief.

The death toll from hostilities or disease and starvation is uncertain. Before the fighting began, the population was estimated at 653,000. A national census in 1980 put it at 582,954.

Anti-Frettilin Timorese reckon about 60,000 died in the three years to mid-1978. Some anti-Indonesian sources insist more than 250,000 died from all causes. Roman Catholic clergymen estimate that 100,000 perished. — AP

DRASTIC CUTS IN DOMESTIC FUEL SUBSIDIES

Kuala Lumpur BUSINESS TIMES in English 5 Jan 82 p 24

[Text]

INDONESIA today slashed its generous domestic fuel subsidies and raised petrol and oil prices by an average 60 per cent.

The move, on the eve of a major budget speech by President Suharto and only four months before parliamentary elections, is regarded as a political gamble by the ruling Golkar Party.

Subsidies have kept the cost of petrol, diesel and kerosene cooking fuel well below world levels and led to an annual 12 per cent rise in domestic consumption.

If the state oil company Pertamina charged prevailing international prices for the 160 million barrels which will be consumed domestically in

the current fiscal year it would save about US\$4.5 billion, economists said.

Urged by economic advisers, the International Monetary Fund (IMF) and the World Bank, Indonesian officials have been saying privately for months that the subsidy would have to be reduced but few observers expected the politically-sensitive move, which some predict could lead to popular discontent, before the May 4 general elections.

The rises, which went into effect at midnight, were announced last night by Mining and Energy Minister Dr Subrto.

He said they were necessary to maintain the growth of national de-

velopment efforts in the face of a levelling off in income from oil exports and a 25 per cent drop in 1981 in the value of non-oil commodity exports.

The rises put the cost of super grade petrol at about 55 cents a litre from 35 cents previously. There were similar increases in the cost of aviation spirit, diesel fuel and industrial oil.

For the mass of poor Indonesians, however, the most severe rise was that of kerosene, used throughout the rural areas for lighting and cooking, which goes up to 80 rupiah from 37 rupiah to 60 rupiah (to 10 from six cents) a litre.

Domestic fuel prices were last raised in May 1980 by 50 per cent.

JAKARTA, Jan 4

■ Prices of essential commodities began to rise today following the drastic fuel price increase announced here last night.

Many buses and taxis were not operating today with their owners saying they had to calculate new tariffs due to the fuel price increases.

Armed troops and policemen stood guard at petrol stations in the capital today to prevent any outbreak of trouble.

The prices of basic goods such as meat, sugar, kerosene, eggs and frying oils moved up slightly with traders complaining that the transport expenses had gone up drastically due to the petrol price increase. — Reuter, AFP

CSO: 4220/565

ISLAND SET ASIDE FOR ILLEGAL IMMIGRANTS

Jakarta KOMPAS in Indonesian 4 Dec 81 pp 1, 9

[Article: "Remote Island Set Aside for Illegal Immigrants"]

[Excerpt] The government, with a presidential decree, will establish a remote island to take care of illegal immigrants who have served their prison sentences but who cannot be returned to their country of origin.

This was revealed by Attorney General Ismail Saleh in a working meeting ceremony with Commission III of the Republic of Indonesia parliament, headed by Agus Djamil on Thursday [4 December] afternoon, in response to a question from Dhani, a member of the commission, on resolving the illegal immigrant problem. "After serving their sentences, illegal immigrants who have been arrested are to be turned over to the Immigration Directorate General," the attorney general said.

He explained that while many can be sent back to their country of origin, there are many who remain in immigration quarantine. They remain there for a maximum of 3 months and after that time are released but are obligated to report to immigration officials.

Those who cannot be deported, for the most part, come from the PRC. Further, these illegal immigrants have no documents whatsoever. Indonesia, of course, has no diplomatic relations with the PRC.

In addition to complying with the obligation to report by illegal immigrants who cannot be deported, a presidential decree is now being prepared which sets up a remote island to be used to take care of them. "Because they have no documents whatsoever, no nation is willing to accept them."

According to a KOMPAS note, illegal immigrants who are sentenced for violating Law No 8/drt/1955, on the average, are sentenced to a year in prison and are deported from Indonesia. No details are available on the number who have been tried. According to a 1979 estimate of Police Headquarters INTELPAMPOL, there were 1,584 illegal immigrants in Indonesia, 424 of whom also entered Indonesia in that year.

It was estimated that in 1981 there were 3,000 illegal immigrants in Indonesia, but Nicklany, Immigration director general, denied this report in July. He admits there are problems in overseeing the entry of illegal immigrants because Indonesia consists of very many islands. Nicklany did not say how many illegal immigrants there were in Indonesia at the present time.

6804
CSO: 4213/27

INDONESIA

DISSIDENTS SURRENDER IN IRIAN JAYA

Jakarta HARIAN UMUM AB in Indonesian 3 Dec 81 p 6

[Article: "424 GPK [Security Disturbers] Surrender at Ibu Pertiwi Base"]

[Excerpts] Jayapura, HARIAN UMUM AB--The commander of Military Region XVII/Cenderawasih, Brig Gen C I Santoso, as chief of the Special Branch in Irian Jaya, on Saturday [28 November] presided over a ceremony at which the oath of allegiance was taken by Pius Abam in the name of 424 security disturbers at Ibu Pertiwi Base. The ceremony was also witnessed by the chairman of the Irian Jaya Provincial Council, D S Wilem Maloali, and the Executive Council of Merauke regency at the airfield of the sub-district of Mindiptanah, in Merauke regency.

The dissidents surrendering were composed of people and students from the sub-districts of Mindiptanah and Waropko who up to the present had lived a nomadic existence in the Irian Jaya jungle due to the influence of irresponsible persons whose actions were in conflict with the policy laid down by the government.

Brig Gen Santoso asked that the 424 people, after their return from the jungle in this region, far from contact with the people, really carry out the promises made by Pius Abam in the name of his comrades. Santoso said, "With open hands and hearts let us work together to develop this area by trying hard to raise the living levels of the people, for a brighter future.

"As military commander in the Merauke area I prohibit every member of the community in the sub-districts of Mindiptanah and Waropko from taking up arms and going to war, in the sense of killing each other or engaging in inter-tribal conflict. However, I approve of war against misery and poverty, backwardness, shortages of food and necessities, and against all forms of security disturbances," said Santoso.

On the occasion the commander distributed gifts of appreciation in the form of packages and cement for the construction and repair of the Mindiptanah school and church.

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CSO: 4213/29

ALUMINA PLANT TO BE BUILT ON BINTAN ISLAND

Jakarta KOMPAS in Indonesian 1 Dec 81 p 2

[Article: "Bintan Alumina Plant Expected To Be Built Soon"]

[Excerpts] The conference on the development of the alumina plant on Bintan Island is expected to be finished by the end of this year so that construction of the plant, which will take about 4 years to complete, can begin. The plant will be used to process nonexport quality bauxite which will be distributed to some areas of Indonesia.

Drs M. Hardjoko Seputto, chief of public relations from the Department of Mining and Energy, told KOMPAS the government is conducting several conferences with contractors, including Kaiser Aluminum Corporation, Kaiser Engineers, and Kloeckner INA.

It is planned that the alumina plant will process bauxite mined from the Wacopek area of Bintan Island and will have a capacity of 600,000 tons of alumina. Of this total, 450,000 tons will be used by the aluminum smelting plant in Asahan while some 150,000 tons will be exported.

Rather Marginal

Hardjoko pointed out that the alumina project is marginal economically although by using Indonesian alumina, the Asahan aluminum project will increase its use of a domestic basic material to make aluminum. Alumina is the primary basic material for making aluminum and constitutes 30 percent of the cost of production.

Production and Export Continues

Production of Indonesian bauxite from Bintan Island and export to Japan is expected to continue as it has in the past year. Mining activity, Hardjoko said, continues to run smoothly in line with the work plan for 1981. To date no company has cut production or slowed down its mining activity.

From January through October, Hardjoko said, production of bauxite on Bintan Island totaled 1,098,228 tons including 970,921 tons which were exported. As of the end of 1981, bauxite exports from Bintan Island were estimated at 1.15 million tons. In 1980, 1,197,228 tons were exported.

Hardjoko confirmed that a conference is held annually to rediscuss the sale of bauxite to Japan. A conference will be held by the Indonesian and Japanese sides in December to determine how much bauxite will be exported to Japan in 1982.

AMBITIOUS PLANS TO INCREASE EXPORT CROP ACREAGE

Kuala Lumpur BUSINESS TIMES in English 15 Jan 82 p 21

[Article by Richard Cowper in Jakarta]

[Text] **THOUGH** food for domestic consumption remains Indonesia's top agricultural priority and government's desire to increase the country's non-oil export earnings has been instrumental in focusing attention more sharply on the country's traditional export crop sector.

There is also a growing realisation that a major expansion of the country's estate and smallholder plantation sector could play a sizeable role in helping to solve two of the country's most pressing problems — to create jobs and reduce poverty.

The government plans call for an investment of US\$16.7 billion over the next decade to expand the area under rubber, palm oil, coffee, sugar, coconut and cocoa from an estimated six million hectares now to 8.2 million by 1990, and to rehabilitate around a third of the area currently under these crops.

Role

Most agricultural experts regard these plans as wildly ambitious. They argue that it will be impossible to plant an area roughly equal to the size of say, Israel, in such a short space of time. The government's massive transmigration programme aimed at moving 2.5 million people from overcrowded Java to the outer islands is expected to go hand in hand with the expansion of the country's cash crop sector, but many of these

workers have spent most of their productive life engaged in rice production and have little or no experience of raising other crops.

The Department of Agriculture is expected to play a leading role in helping to open up new areas and advise and train these workers but it is already hard pressed and few believe that Indonesia can produce enough skilled agricultural experts and extension workers over the next decade to manage such a giant venture.

Much of the land scheduled to be opened up consists of primary jungle in Sumatra and Kalimantan and infrastructural and social services will have to be built from scratch.

Though the task is enormous — and government officials admit privately that they will be happy if they can reach 50 to 60 per cent of their targets — everyone is agreed that the programme is a welcome sign that after several decades the government is at last making a major effort to boost output of Indonesia's cash crops.

By far the biggest drive over the next decade is expected to be made in rubber and palm oil, which along with coffee, make up the country's three top crop earners.

Before the war Indonesia was the world's largest rubber producer but since then it has fallen well behind Malaysia. Output has

stagnated for much of the 1970s, largely because of ageing trees, poor inputs and bad management.

Rehabilitation of existing areas is thus a key part of the government's US\$4 billion programme aimed at boosting rubber output from around 900,000 tonnes now to 1.8 million tonnes by the end of the decade. The plan calls for the rehabilitation of some 2.9 million hectares and the addition of 500,000 hectares of new rubber land. To achieve this production will have to grow at around seven per cent per annum, a target which will be extremely difficult to meet.

In contrast to rubber, palm oil output has grown rapidly in the last decade, providing one of the few successes in Indonesian plantations. Since 1970 the area under palm oil has more than doubled and production increased three-fold to around 700,000 tonnes last year.

This impressive growth has been largely export-led. Foreign exchange earnings from crude palm oil exports grew seven-fold in the last decade — from US\$38 million in 1970 to US\$264 million in 1979. Government plans call for a US\$4 billion investment to more than double current output by the end of this decade, but this could be hampered by the recent introduction of a new policy forcing producers to sell a substantial proportion of their output on the domestic

market at fixed prices. The government's bid to increase domestic processing and push domestic cooking oil manufacturers into switching from coconut oil to palm oil has caused crude palm oil exports to drop by more than half in the last two years.

Few experts expect output to grow by more than 10 per cent a year, which contrasts with the 12 per cent envisaged by government planners. Taking the more conservative forecast Indonesia should be producing around 1.6 million tonnes by the end of the decade, maintaining its position as the world's second largest producer.

When it was the Dutch East Indies, Indonesia was a major sugar producer, reaching a peak of three million tonnes in 1929. At that time it was the world's largest sugar exporter after Cuba. Today, production is a mere 1.4 million tonnes and Indonesia has had to import increasing quantities over the last decade.

In the bid to reverse this position the government has embarked on a US\$2 billion programme to boost output to 3.4 million tonnes by the end of the decade.

In the case of coffee, plummeting world prices and a sizeable cut in Indonesia's internationally agreed export quota appear to have forced Indonesia to abandon, at least temporarily, plans for expanding the acreage.

— PT

ADMIRAL SUDOMO DISCUSSES SUBMARINE THREAT TO INDONESIA

Jakarta KOMPAS in Indonesian 7 Dec 81 pp 1, 12

[Article: "Submarines Are the Biggest Foreign Threat to Security. Admiral Sudomo Says Main Navy Base in Surabaya Is Less Relevant Now"]

[Excerpts] Submarines are the biggest foreign threat to the Indonesian region. Therefore primary vigilance must be given to watching over the straits in the archipelago waters which are believed to be the point of entry of foreign submarines with evil intent.

WAPANGAD [Armed Forces deputy commander] and former KSAL [Navy chief of staff] Admiral Sudomo made this statement to KOMPAS last week, pointing out that infiltration by submarines is the easiest way to create disorder or promote subversion. Just think back on the case of "Whiskey on the Rock" in Sweden, he said during RI Fleet Day.

Several cases of unidentified submarines have been revealed. For instance, during a recent ABRI [Indonesian Armed Forces] joint exercise navy warships equipped with sonar detected a foreign submarine. Contact was made and according to information received it apparently was an Australian submarine.

This actually was a submarine belonging to a friendly nation, but what about other foreign submarines? A report in the U.S. news magazine TIME some time ago quoted information from an Indonesian Navy officer that because of the frequency with which foreign submarines are detected in Indonesian waters, the Navy reportedly requested more modern detection equipment from the United States.

Point of Entry

Touching on straits which are considered cause for concern, Sudomo pointed to waters which are "fields of approach" to the heart of Indonesian defense. A field of approach is the South China Sea, another is through extraterritorial waters which ultimately enter Indonesian waters through the Makasar Strait, and another is the Pacific Ocean.

The former KSAL for the period 1969-73 feels the earlier penetration by the Japanese Navy at the end of the past Pacific War is still relevant enough to get attention. Since the region was used, it is still considered a point of

entry with the most alarming potential. For instance, it can be used in the northern half of the defense region: branching out from the South China Sea.

The Japanese army subdued Java Island through the South China Sea after overwhelming Indochina, the Malay Peninsula, Thailand, and Sarawak earlier. They also used the Makassar Strait to dominate the central portion of Indonesia.

The Indonesian economic strength, Sudomo said, is spread throughout the region now considered the point of entry. For instance, offshore drilling and mining operations for other sources of energy are located there. "The threat from the sea will become real if the best possible security is not maintained for offshore drilling installations," he remarked.

Touching on the current strength of the RI fleet, Admiral Sudomo considers it satisfactory to meet the calculated types of threat. "We have the capability to meet it if we are forced to counter even the worst possible situation," he said.

Sudomo said all of the three new corvettes obtained from the Netherlands which have been in service since 1979 are equipped with three "Exocet" guided missiles. Similar guided missiles have been installed on the fourth navy patrol ship, Killer, made in South Korea. "So when our destiny arrives, we can throw up 28 guided missiles against any opponent ship on the surface of the sea before they see the whites of our eyes," Sudomo remarked.

He admitted that Indonesia does not yet have surface-to-air guided missiles. Antiair attack guns mounted on each RI warship are still used for this purpose. For surface-to-land targets, he said, we still store the 140-mm "Katyasha" rocket. The capability of this latter weapon was tested on the Cigading shore in Cilegon during the ABRI anniversary celebration on 5 October.

Concerning the RI fleet capability in antisubmarine warfare, Sudomo indicated that a number of RI warships were equipped with antisubmarine weapons. This year the Navy was strengthened also with four "Wasp" helicopters made in Britain. "These helicopters are planned to be used against submarines," he remarked.

In 1983, Sudomo continued, the defense capability of the Indonesian sea forces will be even more efficient because two Boeing 737 "surveillance planes" ordered from the United States will arrive in Indonesia in that year. "We ordered two Boeing 737's which are especially planned to be used for longer distance maritime patrol," he said. The continual patrol of all Indonesian waters by the Boeing 737's will greatly aid RI surface ships.

Information was obtained that if the Boeing maritime patrol aircraft are based in Pekanbaru, the radius of their patrol can cover all of Sumatra, Java, and Kalimantan. If they are based in Jungpandang, it will cover East Indonesian waters, Sulawesi, and Nusatenggara.

Considering the history of World War II and the characteristics of the shores which must be defended, the former KSAL said "forward bases" will be built in the future to safeguard the integrity of the Indonesian region. These are bases which are located on the outer portions of regional waters which are

considered strategic. "This was introduced in an initial form several years ago, as in the Natuna Sea," Admiral Sudomo remarked, "for the northern half of the east/central part around Bitung."

He judged the main Navy base in Surabaya to be relevant no longer.

He feels that sea traffic around that base is heavy at this time. Moreover warships leaving from the main base must first turn out too far. In the future Surabaya which now symbolizes the heart of the Indonesian Navy should best be projected solely as a training and industrial center as well as a ship repair port, Sudomo remarked.

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CSO: 4213/27

PARTY REORGANIZATION MAY FOLLOW CENTRAL COMMITTEE PLENUM

Kuala Lumpur BUSINESS TIMES in English 23 Jan 82 p 9

[Article by Michael Blanchard in Phnom Penh]

[Text]

IF 1981 was the year of "consolidation of power in Kampuchea", 1982 is shaping up as the year of "reorganisation", sources close to the Phnom Penh regime say.

Three years after Vietnamese tanks rolled into Phnom Penh, toppling the Khmer Rouge, the regime of Heng Samrin, Head of State and Communist Party boss, was now expected to clean up the state party apparatus, the sources said.

The first sign of a possible purge of party cadres came with the ousting last December of Kampuchean Communist Party chief Pen Sovann, former head of the pro-Soviet popular Revolutionary Party of Kampuchea (PRPK).

But more significant changes were expected in the wake of next February's PRPK central committee third plenum, which will deal with "reorganisation" and "ideological work", as well as after the second parliamentary session scheduled early February.

"This will not be a purge," said one Khmer official, "but in three years we have had time to assess people's qualities."

However, it remained unclear whether preference would be given to "political" cadres or to "technicians" who are often more recent party

members but nonetheless invaluable to the regime.

Advantage

A new premier to replace ousted Pen Sovann should be appointed during the February parliamentary meeting.

Although the regime maintains that Pen Sovann was sacked for health reasons, party cadres have apparently been given three unofficial explanations: excess personal power, corruption and "ingratitude towards Vietnam".

Rumours that Mr Pen Sovann was dislodged for moving too close to the Soviet Union while neglecting Kampuchea's most faithful ally, Vietnam, have been officially denied by the PRPK. Vietnamese sources confirmed these denials, adding that Phnom Penh should cooperate with both countries and take fuller advantage of Soviet aid.

As for the Soviet Union, no official statement was issued following Pen Sovann's ouster, but although Soviet aid has been kept up, Soviet sources indicated the move had taken Moscow by surprise.

References to both Hanoi and Moscow during the Jan. 7 third anniversary speeches here, indicated that Phnom Penh was carefully maintaining relations with both its communist partners on an even keel.

But for the ordinary Kampuchean citizen, Mr Pen Sovann's enigmatic expulsion from the seats of state and party power has stirred both worry

and mystery. As one Khmer said: "If a leader like Pen Sovann can be ousted overnight what will become of us, who are only poor worker ants?"

Observers added that growing suspicion had stunted personal initiatives with party members now increasingly trapped in endless and unproductive sessions of self-criticism.

Refusal

This was setting the conditions for an inward-looking party, they said.

Meanwhile, the regime persists in its refusal to negotiate with the three anti-Vietnamese groups which it terms the "losers" — former Head of State Prince Norodom Sihanouk, former Premier Son Sann and the Khmer Rouge.

But contacts have been set up with Kampuchean refugees abroad, notably in France. Every official speech makes a reminder to those who fled the regime overthrown three years ago, referring to "Kampuchean living abroad" or "patriots". Four French-based refugees flew in last week for talks but were not available to the Press.

The regime has now moved toward consolidating power and has stepped up its ability to repel attacks by the ousted Khmer Rouge. But deputy Foreign Minister Hor Nam Hoak recently appealed to international institutions to stop aid to the border refugees.

Most of it, he charged "was diverted to Khmer Rouge fighters or found its way onto the black market in Thailand". — APP

SABAH CHIEF MINISTER: BREAK DIPLOMATIC RELATIONS WITH MANILA

According to "The New Straits Times" - Dec 31 pp 1, 2

(Text)

KOTA KINABALU.
Thurs. — Sabah will formally ask the Federal Government to break diplomatic relations with The Philippines if the latter did not drop its Sabah claim and continued to "harass" the State with allegations of harbouring Muslim and anti-Marcos rebels in its territory.

In an interview today, Chief Minister Datuk Harris Salleh said the Sabah Government would send its request to Wisma Putra next week as its people were "fed-up" with harrassment from the Philippines, which had tarnished the image of the State internationally. "It's getting too much," he said.

Datuk Harris said the Sabah Government wants Kuala Lumpur to lodge a strong protest with Manila to "stop this nonsense" and take action to stop wild allegations being made "again and again".

Datuk Harris was referring to increasing reports from the Philippines that the east coast of Sabah was being used as a base for Muslim rebels from the Moro National Liberation Front to ship arms and ammunition to their counterparts

fighting for an independent Muslim nation in southern Philippines.

Last week, the Filipino Defence Minister had also alleged that anti-Marcos rebels, including radical clerics and US-based politicians, were setting up a training camp in Jampiras, outside Sandakan, to launch terrorist actions before the 1984 Philippines elections.

Datuk Harris dismissed the allegations and reports as "baseless".

"If they want to keep harping on the same issue, then we might as well break relations with them," he said.

"We want the Federal Government to tell Manila that it had better behave as good neighbours or else..."

Datuk Harris also said the State Government fully endorsed a State Assemblyman's speech yesterday which called for the severing of diplomatic ties.

In a strongly-worded maiden speech in the State Assembly, backbencher Encik Bahrom bin Datuk Abu Bakar Kitingan accused the Philippines of harrassment and said Malaysian leaders "have been too kind, generous and honest in dealing with the

Philippines. They co-operate with and assist the Philippines in many ways, while Manila keeps slapping our face every now and then."

He also urged the State Government to convey to Kuala Lumpur the people's feelings that they could no longer tolerate an irresponsible and hostile regime in The Philippines.

"If the Philippines refuses to drop its claim unconditionally, I see no sense in continuing diplomatic relations with Manila."

In the interview, Datuk Harris reiterated that the views forwarded by Encik Bahrom fully reflected the State Government's position.

The State Government, he said, would forward the speech to Wisma Putra and enclose a covering letter requesting a break in diplomatic relations.

Asked if the Sabah request would only exacerbate relations with Kuala Lumpur and Manila, Datuk Harris said that as the harrassed party, the State Government had the right to make the request.

"The next step is up to the Federal Government as it is a Federal issue."

Prime Minister Disagrees

Kuala Lumpur NEW STRAITS TIMES in English - Dec 11 pp 1, 7

[Text]

KUALA LUMPUR, Sat. — There is no reason why Malaysia should cut off diplomatic ties with the Philippines over the Sabah issue, Datuk Seri Dr Mahathir Mohamad said today.

The Prime Minister said there was no basis for concern over allegations by a Filipino Minister that rebels were setting up a training camp in Sabah to launch terrorist actions against the Philippines.

He said President Marcos had given his assurance that the opinion voiced by Philippines Defence Minister Juan Enrile was his personal opinion and not that of the Philippines Government.

Datuk Seri Dr Mahathir was commenting on the call by Sabah Chief Minister Datuk Harris Salleh that Malaysia cut off diplomatic ties with the Philippines if the latter did not drop its Sabah claim and continued to "harass" the State with allegations of harbouring Muslim and anti-Marcos rebels in its territory.

Speaking to reporters after the Umno Supreme Council meeting here, he said the question of whether Malaysia should cut off diplomatic ties with the Philippines should not arise at all.

President Marcos had agreed to drop the Sabah claim at the Asean Summit Meeting here in 1977.

Asked whether any follow-up action had been taken since the Summit, Datuk Seri Dr Mahathir said: "We are looking forward to things being done. There are indications that things are being done and will be done."

Deputy Prime Minister Datuk Musa Hitam, speaking at a Press conference last night in Labuan, said Malaysia still held strongly the spirit of Asean and any problems that arose could be solved through normal diplomatic channels.

Datuk Musa said Malaysia would not allow any matter to rupture the spirit of Asean that we have nurtured for so long."

Datuk Musa said while he respected the views expressed by Datuk Harris "as he represents the people of Sabah and whatever he says reflects the sentiments of Sabah," breaking diplomatic relations would be an "extreme and serious move that represented a government's ultimate choice in its international relations."

He reiterated that the Government would seek clarification through

normal diplomatic channels regarding accusations and views expressed in the Philippines.

"We're still not certain about the real background" to the stories that have been originating from there in the past few weeks. A few questions need to be answered," he said, referring to the allegation by Mr Enrile that anti-Marcos rebels were setting up a training camp in Jampiras, outside Sandakan, to launch terrorist actions before the 1984 Philippines election.

Arms

There has also been a move in the Philippines National Assembly to revive the country's claim on Sabah which President Marcos had said his Government would take steps to drop.

In the past few weeks too, there have been increasing reports from the Philippines that the East Coast of Sabah is being used as a base for Muslim rebels from the Moro National Liberation Front to ship arms and ammunition to their counterparts fighting for an independent Muslim nation in southern Philippines.

Datuk Musa last night reiterated that the Malaysian Government would not be a party to any hostile acts against the Philippines, using Sabah as a base.

He also emphasised that the issue of the Philippines claim on Sabah did not arise at all as Malaysia had always clearly stated that it did not recognise the claim.

FOREIGN MINISTER ESCAPES DEATH IN CRASH OF CESSNA 206

Kuala Lumpur NEW STRAITS TIMES in English 14 Jan 82 p 1

[Text]

KUALA LUMPUR, Mon. — Tan Sri Ghazali Shafie, lying in his hospital bed and beaming from ear to ear, told us in detail what actually happened.

"I was supposed to fly to Lipis for my Unno meeting.

"I had wanted to fly the plane but my friend and co-pilot (Vergis Chacko), who was an instructor, said he wanted to fly."

Tan Sri Ghazali said he had a difference of opinion with Chacko over the altitude the plane should fly.

"When we took off the tower said, 'Just circle around, circuit busy,' and then they allowed us only 2,500 feet.

"I said 2,500 was marvellous as I could then fly via Genting. Then Vergis said he had filed at 3,500 feet. It was in the plan.

"I said that at 3,500, you can't fly there.

"I said: 'Look at the clouds. If you want to fly over the gap, the water works gap, you must fly at least at 3,500 feet if there are clouds.'

"If there are no clouds, you can do it."

"But he told me that we could clear everything at 3,500."

"I said 'Look, I haven't flown for two months. You better take the stick, and I asked for 3,500 feet and they (the tower) gave us 3,500.'

"The talking was done by me as I was holding the mike and he was doing the flying.

"So the last conversation I had with the tower was the tower asked 'What's your present position?'

"I said, 'we are now exactly over the water works gap, 3,500 feet', which is the V shaped thing.

Fall

"I didn't think they were seriously injured. I thought they'd be coming out. I figured since I had survived, they had too."

Tan Sri Ghazali said he bandaged his hand and left the maps and other things in the plane.

that his body would be brought back in half an hour, at about 1 p.m.

"I had made all the necessary funeral arrangements when I was told the news," she said.

Tan Sri Ghazali, turning to console her jokingly said: "I'm alive, and I'll be alive until I'm 90."

Puan Sri Khatijah also asked him why he had covered his face and he replied: "Why not, I wanted to save my handsome face."

Tan Sri Ghazali also said he was determined to fly again if he was allowed to do so.

He attributed the crash to pilot error as "we were flying too low."

"It's definitely human error. Not mechanical break down... no, this is one of the best planes."

"I'm sorry it crashed. I wanted to take it to Australia," he said to Datuk Syed Kechik, the owner of the Cessna.

When the doctors brought in Tan Sri Ghazali's X rays and pronounced him perfectly fit, the well-wishers broke into cheers.

"I started to walk. My instinct was to go out of the jungle and get help."

"I walked (for) what seemed like hours in an attempt to find a river which I knew would lead me to Kampong Janda Baik.

"But I fell into a ravine and right into a small river."

"I was soaking wet so I took off my clothes and wrung them."

"Was I cold when I put them on again?"

"Darkness descended after a while and I saw a helicopter but I could not do anything."

"I fell asleep. And do you know what? I was sleeping with the wild boars which were roaming to my left and right."

"Well-wishers in the room burst into laughter and he quipped: '(And), you were all sleeping really at the time.'

"When I awoke, I was feeling horrible."

"The mosquitoes and leeches were at me all through the night."

"At daybreak, I started to walk again and after some time I saw the rescuers coming towards me."

"I cannot say how much I thank Allah for saving my life."

"I did not know my companions had died until I was told by my rescuers."

Tan Sri Ghazali was a picture of good cheer as he greeted his well-wishers.

"I'm sorry I cannot shake your hands with my right hand. My right hand is bruised," he said.

His wife, Puan Sri Khatijah, told him that she had been informed by the police

NO AGREEMENT IN AIR TALKS WITH SOUTH KOREA

Kuala Lumpur BUSINESS TIMES in English 4 Dec 81 p 20

[Text]

THE air talks between Malaysia and South Korea held in Seoul recently failed to come to any agreement, secretary general of the Transport Ministry Datuk Ishak Tadin said yesterday.

He told a Press conference in Kuala Lumpur the failure was mainly due to the uncompromising attitude which the South Korean officials adopted during the meeting.

Datuk Ishak left for South Korea leading a five-member team on Nov 30 to sign the memorandum of understanding which was earlier agreed to at ministerial level.

Under the agreement, South Korea undertook to give total exemption from Customs duties to the spare parts carried by MAS.

However, the Malaysian delegates were given the impression that the South Korean officials were not

aware of most of the clauses that were mentioned during the talks.

Datuk Ishak added the talks really came to an end when the South Koreans refused the Malaysian Airline System (MAS) permission to mount a third flight to Seoul.

Under the bilateral agreement, both parties agreed that MAS could have three flights weekly to Seoul. However, the South Koreans said that they only agreed on two flights earlier and added that MAS had made no plans to increase its frequency from its present level of two flights per week in both directions.

They claimed that this was confirmed during the talks between the Transport Minister, Datuk Lee San Choon, and their Vice Minister of Foreign Affairs, Mr Ro Myung Gong, during the latter's recent visit to Kuala Lumpur.

However, Datuk Ishak

said the minister did not mention nor confirm anything with regard to the number of MAS flights to South Korea.

He also said that the Koreans did not wish to give MAS 100 per cent tax exemptions on fuel, lubricating oil and spare parts but only agreed on 80 per cent tax exemption.

He added that the Koreans only agreed on the increase of the passenger quota from 50 to 70 for the Seoul-Taipeh route and Seoul-Middle East, of which 20 passengers will be exempted from royalty payment of US\$81. This would only apply to the present two MAS flights and not a third flight in future.

The Koreans were more interested to have the talks on an airline to airline basis rather than on a government to government basis, he added.

He also denied an agency report yesterday which said the two-day meeting had agreed to continue negotiations through diplomatic channels.

Datuk Ishak said everything was agreed at the ministerial meeting before he left for South Korea and he was not sure what would be the next step. — Bernama

CSU: 4220/5n3

BRITISH FIRMS LOSE MILLIONS OF DOLLARS IN TENDERS

Kuala Lumpur NEW STRAITS TIMES in English 31 Dec 81 p 9

[Text]

KUALA LUMPUR, Wed. — A number of British firms have lost tenders worth millions of dollars as a result of the Prime Minister's new policy on British contracts.

Sources in the Prime Minister's Department confirmed this today and said tenders that could possibly go to British companies were being carefully scrutinised before any was awarded.

"We are following to the rule that Malaysia will not buy British goods or services if there is an equal choice," a source said.

Datuk Seri Dr Mahathir Mohamad and his Cabinet decided on the new policy in September. It is outlined here that all Government departments and agencies will have to get the Prime Minister's Department's endorsement before they can award any tender to a British firm.

This directive was an apparent response to the action taken by the Council of the Securities Industry in Britain to amend rules governing large share acquisition and takeovers on the UK stock market following the successful bid by Permodalan Nasional Berhad to acquire con-

trol of Guthrie Corporation.

Government departments and agencies now submit any award to be made to a British firm together with a non-British alternative.

It is then up to the Prime Minister's Department whether to award the tender to the British firm or the alternative tenderer.

The sources said that a large number of British firms have lost their tenders this way but declined to state the exact number or the amount, except to say that it ran into millions of dollars.

The sources said nearly all Government departments and agencies were involved in this matter whereby tenders that could have gone to the British have been awarded to non-British tenderers.

The major ministries involved here are the Defence Ministry and the Public Works Department.

The PWD extensively used to hire British consultants but this is no longer so.

On which countries are the main beneficiaries of this action, a source said: "The contracts are about evenly spread out."

However, the sources

said that the workload of the Government departments was not in any way being affected by the new ruling.

"It's just that we are buying elsewhere, that's all," a source added.

They said the directive was "to stay." They could not say when it would be lifted or whether it would ever be lifted.

It has been reported that the new policy "will remain as long as it is needed and depending on the nature of the British response."

Meanwhile, the British are aiming to put things right again with Malaysia.

Britain's Foreign Secretary Lord Carrington's visit to Malaysia in February can be viewed as a move by the country to try to improve relations with her former colony.

High Commissioner William Bently has also said that Britain wants to put things right with Malaysia.

"We are now considering the past mistakes and how to avoid them and put things right again," he said.

British companies are also taking the same line of action. Recently, the British Malaysian Industry and Trade Association pledged a \$1.5 million fund to help Malaysian students in Britain affected by the high increase in fees.

CSO: 4220/568

CHIEF PICKED FOR NEW ANTI-CORRUPTION AGENCY

Kuala Lumpur NEW STRAITS TIMES in English 29 Dec 81 p 1

[Text]

KUALA LUMPUR, Mon. — **Datuk Haji Hassan Ibrahim, ex-tough guy of the Road Transport Department about three years ago, is tipped to head the National Bureau of Investigation after it is revamped and renamed the Anti-Corruption Agency.**

Informed sources here said today Datuk Haji Hassan, who is currently director-general of the Pensions Department, may take over after Parliament passes a Bill, expected to be tabled in the March 1982 session, to amend the name of the bureau.

Datuk Hassan, a controversial figure in his hey-day as Road Transport Department chief, has been keeping a low profile for some time, but the sources said this was not meant to be a "deep freeze".

Instead, government leaders apparently have been waiting for a more suitable slot for

him — and a revamped NBI, focusing its attention on corruption, will be the most suitable.

The Bill to change the NBI's name to Anti-Corruption Agency was actually tabled during the recent Dewan Rakyat session but it was not carried through to a second reading.

The sources said with the revamp, the bureau will only deal with corruption cases. All others will be handled by the police.

This single responsibility for the bureau is expected to aid the government achieve its stated policy of a "clean, smooth and efficient" administration.

— Pensions Department director-general Datuk Hassan Ibrahim, who is tipped to head the to-be-revamped National Bureau of Investigation, has had numerous postings since he joined the civil service in 1963.

Probably his most controversial stint was as director-general of the Road Transport Department, a posting he took up towards the end of 1978.

He did not stay long there, but during the year he was chief he went after over-loaded lorries, minibuses which carried more passengers than allowed and taxis which over-charged — in short, after transport operators and whoever in the business who flouted the law.

His tough no-nonsense personality showed itself when he stirred a storm of protest when, as district officer of Ulu Langat, he raided illegal farms operating on state land in the 1960s.

He was then moved out to be the secretary of the Elections Commission, later to the Prime Minister's Department, before being posted as deputy director-general of Dewan Bahasa dan Pustaka within the space of about five years.

When he left the Road Transport Department, he became director of services in the Public Services Department.

Datuk Hassan's transfer from the RTD also brought about protests from several sectors which felt he had been doing a good job in the department.

CSO: 4220/568

DETERMINED EFFORT TO ESTABLISH MALAY AS NATIONAL LANGUAGE

Kuala Lumpur BUSINESS TIMES in English 29 Dec 81 p 6

[Article by Hiroshi Oshima]

[Text] **ENGLISH-SPEAKING** tourists find little difficulty in conversing in Malaysia because many Malaysians speak English well.

However, this could all change in the next 10 years as the country's campaign to make Malay a "true national language" is pursued vigorously in the multi-lingual society.

The loss of an international language like English as the country's *lingua franca*, one legacy of British colonialism, would be a "necessary risk," one senior official in charge of the language programme told Reuters.

English, Malay, Tamil and a variety of Chinese dialects are all heard in any Malaysian market place but Malay, the tongue of the majority race in the 13 million population, was declared the official language on Independence in 1957.

Despite this, and the fact that it is the language of government, few Malaysians speak it well.

Command

The national language agency, Dewan Bahasa dan Pustaka, has estimated that only 20 per cent of the population, which includes about five million Chinese and more than one million Indians, has a really good command of Malay, with

a proficiency to speak in public.

Fifteen per cent cannot speak the language at all, the agency said.

For successive governments since Independence, the national language policy has been a top priority as a way to promote a sense of unity in the multi-racial country.

The education system was restructured to make Bahasa Malaysia (Malay language) the sole medium of instruction in state primary and secondary schools, while Chinese and Tamil were confined to private schools.

One of the country's five universities uses Malay only for teaching, while the other four use English and Malay, although government policy is that all faculties will use the official language by 1983.

The government of Prime Minister Datuk Seri Dr Mahathir Mohamad has been placing greater stress on the national language policy and recently stepped up moves to make it obligatory in the courts.

Once described as "the last bastion of the English language" by a senior Malay politician, the judicial field, dominated traditionally by non-Malays, was exempted from the 1967 National Language Act.

This said Malay should be used for all official purposes.

The government has already instructed all lower courts in Peninsular Malaysia to use Bahasa Malaysia "as far as possible" from 1983 after a two-year trial period.

Several sessions courts have begun conducting proceedings in Malay and there are indications that higher courts will follow suit.

However, the government is conscious of the problems involved in switching court language overnight.

As Datuk Abdullah Rahman, Deputy Minister in the Prime Minister's Department, put it: "English can still be used if the parties concerned cannot converse in Bahasa Malaysia."

"The courts are not willing to see a guilty person hung because his counsel did not have a good enough command of Bahasa Malaysia to defend his client."

Borrowed

Officials admitted that the major difficulty is insufficient terminology in Bahasa Malaysia, particularly in legal, medical and other specialist academic fields.

Datuk Hassan Ahmad, director-general of the Dewan Bahasa dan Pustaka, told Reuters

that his agency has already coined about 250,000 words in the past 10 years in all fields of knowledge and professions.

Of these, about 40 per cent are "borrowed words" mainly from English such as *teksi* for taxi, *telefon* for telephone and *teknologi* for technology.

"We hope we will be able to produce about 300,000 more new terms in three years in 300 different specialised fields by mobilising scholars," Datuk Hassan said.

The agency also plans to compile at least 10 bilingual terminology dictionaries in different disciplines by 1983 and 30 by 1985, Datuk Hassan said.

Officials are confident that the Malay-oriented education system will produce a new generation fully proficient in speaking the national language.

"The important thing is not now but tomorrow, 10 years or 15 years from now," Datuk Hassan said.

He also stressed the campaign was not aimed at wiping out the other languages.

Malaysians may in future use English less frequently as the common language of communication between the various races but it will continue to be an important second language taught in universities and other higher institutions, he said. — Router

GOVERNMENT LEANING TOWARD PURCHASE OF CORSAIR JETS

Kuala Lumpur NEW STRAITS TIMES in English 23 Dec 81 pp 1, 2

[Excerpt]

KUALA LUMPUR, Tues.
— The Government is buying 22 McDonnel Douglas A-4 Skyhawk fighter bombers and delivery is expected in the middle of next year.

The purchase of the remaining 68 Skyhawks in the original order has been suspended pending the final assessment of another jet fighter, the Vought A-7D Corsair, sources said today.

It is highly likely that the Government will also buy the Corsair, sources added.

These two planes will form the nucleus of the new ground attack squadron of the RMAF. The Skyhawks are initially expected to be stationed in Kuantan and later a number of these jets are expected to be sent to the Gong Kedak base in Kelantan.

The sources said the purchase of the remaining Skyhawks was suspended because the costs of modifications to its engine, rocket, bomb, radar and inertia navigation systems were astronomical.

Despite not having been used, the aircraft have suffered from neg-

lect in the Nevada desert where the US Navy mothballed the aircraft. They have therefore been damaged to some degree.

This, the sources said, was the main reason why modifications were needed, thus pushing up the original price of the aircraft.

It was reported in the Press that the last quoted price of the Skyhawks at \$1.4 billion might have gone up by at least 15 per cent due to inflation in the last four years.

It was in the face of further increases in the price tag that the Government ordered the suspension of the delivery of the remaining Skyhawks.

It was also at this juncture that the United States witnessed a change in leadership with the newly-elected President Reagan initiating a new US policy shift on arms transfer.

The sources said for the moment, the Government is "leaning heavily towards the purchase of Corsair jets which need no refurbishing as they have all the sophisticated devices for aviation and missilery."

If this is true, then the only batch of Skyhawks coming to Malaysia will be the 22 due next year.

NEPAL'S THAPA FACING CHALLENGES FROM WITHIN PANCHAYAT

BK240725 Hong Kong AFP in English 0613 GMT 24 Jan 82

[By Kedar Man Singh]

[Text] Katmandu, 24 Jan (AFP)--Prime Minister Surya Bahadur Thapa, who was elected last year by the National Panchayat for a period of years, is now facing strong challenges from within the Panchayat system itself.

A group of 40 Panchayat leaders and more than 22 other members of the national legislature have alleged that Mr Thapa has been acting against the interest of the partyless system.

The top brass accusers include three former prime ministers--Tulsi Giri, Kirti Nighi Bista and Matrika Prasad Koirala--and several other former National Panchayat members who had served in different government positions in the past 22 years since the inception of the partyless Panchayat policy.

Among other accusers are Okendra Bahadur Chand--who hopes to be prime minister in the event of Mr Thapa being ousted-- Pashupati Rana, Prakash Chandra Lohani, Dambar Bahadur Malla, Mrs Nani Mainya Dahal, D. N. Yadav and Rajeswor Devkota, former chairman of the National Panchayat.

In a joint statement the disgruntled anti-Thapa groups have appealed to the rank and file Panchayat cadres to get united and have demanded that the powerful Panchayat policy and evaluation committee, a recently constituted constitutional body, should arrange for a Panchayat convention at which, they said, they would expose the conspiratorial move of the Thapa Government against the Panchayat system which functions under the leadership of the crown. They also alleged that the Thapa Government was encouraging corruption at the central government level as well as encouraging foreign smugglers to make big fortunes at the cost of the system and the people.

Stating that the Panchas (cadres of the partyless polity) were facing a great challenge and that only the ideals of an unexploited society as envisaged by the Panchayat system could strengthen national sovereignty, the joint statement added that "under these circumstances all the Panchas should join hands to fulfill the historic challenge" to the Thapa Government.

The Panchayat leaders have also demanded that the Thapa Government stop the dissolution of the elected village and district Panchayats without substantial grounds.

They further alleged that corruption was spreading from the central to the district and village levels and criticised the government's steel rod purchase policy which they claimed has hiked the price of these rods by more than 100 percent.

Impartial political observers believed that in calling for a convention the main objective of the anti-Thapa groups was to pass a resolution against the prime minister's government so as to pressure the king to take action.

Under the present partyless Panchayat constitution a vote of no confidence against a prime minister elected by the Unicameral legislature for the 5-year term cannot be tabled within 1 year from the date of his attaining that post.

CSO: 4220/210

PLAN FOR YOUTH BEING PREPARED

Karachi BUSINESS RECORDER in English 12 Jan 82 p 3

[Text]

GUJRANWALA, Jan 11: Federal Labour and Manpower Minister Ghulam Dastgir Khan has pointed out that the government is preparing a comprehensive programme to acquaint the younger generation with Islam and ideology of Pakistan. He urged the youth to gird up their loins for the preservation and strength of the geographical and ideological frontiers of the country.

He was talking to a delegation of Muslim Youth Organisation which called on him, led by its chairman Zubair Chaudhry.

The minister said that youth should serve the country remaining above sectarianism and propagate Islam as devoted Muslims. He said that the government would not tolerate disruptionists and mischief-makers who wanted to harm the country at the behest of foreign powers.

He said an international conference of Muslim youth will be held Pakistan. He said that the government was also preparing a programme under which all young people would get jobs and they would not have to go out of the country for employment. He said that the government was providing attractive opportunities to overseas Pakistanis for investment in Pakistan. The country, he added, was well on the path of industrial development.

The minister said that the Federal Advisory Council had been formed which would work for the restoration of political process and draw up the procedure for the holding of general elections.

CSO: 4220/206

WATER, HEALTH NEEDS OF RURAL AREAS DESCRIBED

Karachi MORNING NEWS in English 22 Jan 82 p 8

[Text] People living in rural and particularly in far-flung areas in Sind continue to face indescribable miseries of life. Not only are the basic necessities of life woefully inadequate, at times they are even deprived of drinking water and electricity. Numerous such problems exist in villages which the people living in cities cannot even think of. It is, however, gratifying that the Governor of the province has, of late, paid due attention to uplift programmes. While addressing the councillors and notables at Mithi town, a few miles away from Hyderabad, he has disclosed that the provincial Government is pursuing a three-point strategy for speedy development of Thar desert area of Sind. Elaborating, the Governor said that the conditions in desert areas were different from those obtaining in other regions of the province. Accordingly, the Government has given top priority to the electrification of villages, construction of roads and provision of drinking water facilities in desert areas. He stressed these as the main problems of the Thar area which hindered its progress.

The area of Tharparkar desert, as the Governor has said, needs special attention. Not only should the area be provided with basic necessities of life, what is all the more necessary is the fact that unhygienic conditions under which people have been living should immediately be eliminated. Kutcha roads should be made pucca. In view of the peculiar conditions of Tharparkar, as the Governor has said, a new system has been evolved for construction of roads. Under the new system, sand available in the desert area in abundance is being used with bitumen for the construction of the experimental roads. The cost of such roads would be three times less than that of conventional roads.

Another acute problem of the people living in desert area is the absence of drinking water. This situation has greatly told upon the health of the people and particularly the children. It is heartening that the Government has promised to solve this acute problem on priority basis. The Governor has disclosed that UNICEF is carrying out test boring at various places in desert areas to find out water for drinking purpose. And for this purpose modern machinery, including deep drilling machines, are being arranged by UNICEF.

Electrification of the desert area is another important task that the Government has promised to undertake. As the Governor has said: grid stations are being set up in some places and new electric lines are being laid and consequently all major

towns and villages of the desert area would be provided electricity within two years.

One more pressing problem that has not been taken note of is the provision of basic medical facilities to the people living in rural and desert areas. It is a well-recognised fact that our doctors are reluctant to work in these areas. Sometime back the Federal Health Minister had disclosed that the Government had planned to set up about 52 basic health units and rural health centres in the five-year-plan period to bridge the present gap in health facilities in rural areas. The implementation of the plan needs to be expedited.

It is hoped that the problems which the people of rural and desert areas are facing will be given top priority by the Government.

CSO: 4220/207

FEDERAL-PROVINCES TAX SHARING PROPOSED

Karachi MORNING NEWS in English 14 Jan 82 p 8

[Text] The lady member of the Sind Provincial Council Khanum Gauhar Aijaz has urged the members of the Federal Council from Sind to convey the sentiments of the Provincial Council at the Federal level on tax-sharing proposals between the Federal Government and the provinces.

In a letter addressed to the Federal councillors nominated so far from Sind the lady representative from Karachi stressed the need for voicing the sentiments of the people of Sind at the Federal level so that the province could get fair equitable and just share of the Federal resources.

In her letter Khanum Gauhar Aijaz invited the attention of Federal councillors towards the proceedings of recent provincial council session and said that the council was unanimous in suggesting that the National Finance Commission be asked to revise its taxe sharing formula.

At present 80 per cent of the net proceeds of divisible pool of Federal Government was distributed amongst the four provinces on population basis only. The Sind provincial council has suggested four criterion for resource distribution amongst federation and the provinces.

The criterion are population, incidence of taxes peculiar need requirements and concept of federation.

Khanum Gauhar Aijaz has asked the Federal councillors to get this proposal carried in the Federal Council as it ensured just, fair and equitable share of Federal resources for all the four provinces.

Sales Tax

She also requested her counterparts at the Federal level to get the Federal Government agree to her proposal of transferring to the host province a fixed percentage of the income generated by Federal projects because the host provinces had to provide basic infra-structure for the project at the cost of their own projects. She said that this was not a new idea as a part of the income of power generated by the Punjab rivers was already given to Punjab Government. On the same analogy she demanded a share of the income of Karachi, Port Qasim and Pakistan Steel for the Government of Sind.

NEW SYSTEM FOR MONITORING PUBLIC COMPANIES

Karachi BUSINESS RECORDER in English 14 Jan 82 p 1

[Article by Anwar Rajani]

[Text] Islamabad, Jan. 13--A new system, revolutionary in its concept, is being introduced for monitoring the public limited companies with a view to protecting the interest of small shareholders and improving the investment climate in the country.

Reliable sources told "Business Recorder" here today that various steps are on the anvil to ascertain the performance of the public limited companies, treatment of minority shareholders, compliance of the provisions of the Companies Act and Securities and Exchange Ordinance and election of the directors of the limited companies.

The steps are being taken under the provisions of the Securities and Exchange Ordinance, 1969. The provision of this ordinance relating to the monitoring of the listed companies had never been practically implemented.

Now the government is understood to have decided to enforce various provisions of the Securities and Exchange Ordinance which, according to the sources would be very much effective in improving the performance of the listed companies.

The Corporate Law Authority which came into being over a year ago could not give proper attention to the provisions of the corporate Law other than Monopoly Control side, as the Chairman of the Authority, Irtiza Husain throughout 1981 remained busy with completing the final draft of the Company Law.

Irtiza Husain who took over as chief of CLA after 28 years practice in public accounting, had categorically stated that there would be some spectacular activities in the regulation side of the listed companies.

After completing the draft of the Company Law, the second priority before him was to bring the Monopoly Control Authority cases of the corporate sector up to date.

The CLA, it is reported, will now apply its energy and expertise in disciplining the delinquent listed companies.

CHANGES IN COMPANY LAW PLANNED

Karachi DAWN in English 14 Jan 82 p 1

[Text]

ISLAMABAD, Jan 13: The draft Company Law, seeking to amend the old law, which was originally to be submitted to the Federal Finance Minister for approval by Dec 16, is being reshaped keeping in view Islamic tenets, it is reliably learnt.

The draft, based mainly on more than 100 suggestions from public and private sectors, was reportedly originally formulated in keeping with the British and American laws, is now being reviewed by a six-member committee.

The committee has also been asked to exclude all un-Islamic terminology from the draft.

It may be recalled that the proposal in the draft Ordinance for setting up a Companies Tribunal was received with conflicting opinions. It was suggested that the jurisdiction of high courts in respect of this law be maintained, as in the existing law. After the decentralisation

of judicial work, the high courts in the commercial metropolises would be able to afford more time for commercial litigation. On the other hand, suggestions were also made that qualification terms and conditions as well as mode of members appointments should be laid down in the law itself.

The Sind High Court had reportedly proposed that if the Tribunal is to be retained then its jurisdiction should be restricted to administration and procedural matters of which the jurisdiction is presently vested in the magisterial courts.

About account registers or minute books it had been urged that companies should not be compelled to keep the record in a bound form with serially numbered pages. Such a requirement would not allow the use of modern machines and computers.

CSO: 4220/205

CONTAINER SERVICE TO UNITED KINGDOM

Karachi MORNING NEWS in English 16 Jan 82 p 8

[Text] Pakistan National Shipping Corporation (PNSC) is starting a fully containerised cargo service on UK-Karachi route.

The Director Commercial PNSC, Capt. Irfan Naqvi told APP that three of its most modern vessels in Sargodha Hyderabad and Malakanu--will be put on service which will commence from Jan. 28, when the first ship will sail from Tilbury (UK) for Karachi.

Mr. Naqvi said that by introducing this service PNSC will be extending the latest facilities to its consignees, being already provided by progressive shipowners all over the world.

He explained that the cargo can be collected from the shippers premises and delivered to the consignees premises. There will be no multiple handling thus saving the cargo from pilferage and damage.

In other words safe and undelayed delivery of cargo will be ensured according to the firm schedule, he added.

Mr. Naqvi said that the principal places where this facility would be provided were Lahore, Faisalabad Sialkot Gujranwala Gujrat Sheikhupura and Multan.

The stock of containers will be kept at Gujranwala and sent to various places as and when required. The Customs formalities will be completed at Lahore and Karachi, he said.

To a question, the PNSC Director Commercial said that the containerised service would operate directly from Tilbury to Karachi with a transit time of 18 to 19 days.

He said that previously PNSC was running partly container service. He said that shippers have showed keeness in the service and he hoped to get required cargo.

Mr. Naqvi said in due course of time the container service will be further expanded covering all continental parts.

CSO: 4220/206

PROGRESS IN SHIPBREAKING

Karachi DAWN in English 13 Jan 82 p 8

[Text] Pakistan has regained second place in the shipbreaking industry in the world with the revival of this industry as a result of the restructuring of the Import policy. Mr. Ghulam Ali Panjwani, Vice-Chairman of Pakistan Shipbreakers Association and Chairman of the Gaddani Zone Shipbreakers Association said in an interview.

He said, Pakistan emerged as the largest buyer of Scrap ships last month. At Present 75 large size-scrap ships were awaiting at the Gaddani beach for breaking.

Another development was the purchase of 20,000-ton vessels against 7,000-ton vessels in the past. As a result, the country has entered "large carrier market", which was the monopoly of Taiwan.

The breaking time of the ship has now been reduced from eight months to four months, he said.

Mr. Panjwani said that the industry was hurt due to the "wrong policy" pursued in this respect before 1978. He said that a high-powered committee set up by the Government had recommended that no change in the duty structure should be made in respect of the scrap ships, unported scrap-iron and Pakistan steel products without consulting the three parties. The Chief Secretary, Baluchistan Government headed the committee.

The Japanese team which conducted a survey on steel industry, has also recommended against any change in the import duty structure. Mr. Panjwani appealed to the Government to formulate a steel policy in consultation with all the three parties.

The high-powered committee, he said, in its report noted that scrap ships are for all practical purposes, goods and not ships, and as such should be governed by normal Sale of Goods Act and not by Merchant and Shipping Act.

He said that the industry was prepared to pay all taxes properly levied by various agencies. As such he appealed to various Government agencies not to resort to loading this industry with various taxes. He said that the enhancement of the rent of plot from 45 paisa per square yard to Rs two was "unjustified".

The Vice-Chairman said that this industry was attracting international attention. Many countries were looking towards Pakistan for joint venture. Pakistan could help Muslim countries like Bangladesh, Malaysia etc in developing this industry.

ECONOMIC PROGRESS IN LASBELA NOTED

Karachi MORNING NEWS in English 16 Jan 82 p 5

[Text] A steady but sure economic revolution has set in the backward Lasbela district of Baluchistan with the commissioning of four Grid Stations at its various tehsils and towns.

The Karachi Electric Supply Corporation which predominately supplies power to Karachi division was commissioned by the Government to extend its lines to Lasbela district. The Corporation has spent over Rs. 20 crore to complete the 110 miles long 132-KV lines extending from its Valika Grid Station to Bela.

The line runs parallel to the RCD Highway and has brought prosperity to this land of beauty and plenty. Bela is an agricultural area and abounds in fresh fruit and vegetables but due to non-availability of power in the area lakhs of acres have remained unproductive. If water can be made available to the area, this area can meet almost entire needs of vegetable and fruit of the city of Karachi besides providing livestock and dairy farming products.

Since the Grid Station at Bela was commissioned some two months ago, the electricity has never failed even once and it is such a relief from the past practice when Bela and Uthal used to get power for just five to six hours daily, prior to KESC built its stations in the area.

In Uthal the Pak-Iran Textile Mills is now using 7 Mega Watts of power and has applied for one more Megawatt for its staff colony. Uthal is the district headquarters and besides its factories needs power for over 150 tube wells. In Vinder already 100 agriculturists have applied for electricity for as many tube wells and domestic consumers are being supplied power already from the Grid Station. The number of domestic consumers is also increasing.

At Uthal the KESC has linked the WAPDA System with its Grid for supply to domestic consumers who are now increasing and are getting uninterrupted supply. Survey of tube wells in the area has already begun.

The KESC has established a separate division at Uthal which will be headed by an Executive Engineer who will be incharge of the entire project. Sub-Divisions will be set up at Vinder and Bela and the division will not only provide new connections but also look after complaints, billing and maintenance work. The Bela electrification work has been carried out in two phases. The first phase cost the KESC a sum of Rs. 7 crore while the second phase consumed nearly Rs. 13 crore.

MUNICIPAL STAFF TRAINING INSTITUTE PLANNED

Karachi MORNING NEWS in English 22 Jan 82 p 10

[Text] The Federal Minister for Local Government and Rural Development, Mr Fakhr Imam, said here yesterday that a Municipal Staff Training Institute will be established in Karachi by the Federal Government.

The institute, he said, will impart training to municipal staff from all over the country.

He disclosed this while addressing the chairmen of various committees of Karachi Metropolitan Corporation and its officials in the Mayor's chamber in the afternoon.

He said the Government was keen in grooming the councillors and strengthening the local bodies infra-structure in order to effectively tackle the problems faced by the people.

He said that a public Health Training Institute was also functioning in Lahore while plans were afoot to setup a similar institute in the Abbasi Shaheed Hospital. The Secretary Local Government, Mr Salman Farooqi, who was also present on the occasion informed that the hospital management had been asked to setup a separate wing for the purpose.

Training Programme

The Local Government Minister said that to make the local bodies system more effective various training programmes were being organised by the Federal Government. Recently a training programme for chairmen of District Councils was conducted in Islamabad.

He said that financial resources of the local bodies were being consolidated and efforts were being made to divert maximum of the non-development budget to the development side.

Referring to the role and functions of the Karachi Metropolitan Corporation, Mr Fakhr Imam said that these were unique in view of its growing population and subsequent compounding of its problems like water supply, sewerage, health etc

He said that population of Karachi was growing at a rapid pace more because of migration of people from other parts of the country for getting gainful employments. He said the rapid migration could only be checked by building up more and more physical infrastructures and setting up agro-based industries in the upper parts of the country.

As far as the problems of Karachi were concerned these were being looked into both at the Federal and provincial governments levels.

The Minister pointed out that since provincial governments have enforced their own local government ordinances, this has created a healthy competition among them.

He said that the efforts made by the Sind Government were an example for other provinces. In this regard he particularly mentioned the contribution made by the Sind Governor Lt-Gen. S. M. Abbasi and the Sind Local Government Secretary, Mr Salman Farooqi. He said their efforts provided inspiration to others. Earlier the Deputy Mayor, Mr Umar Yusuf Deda welcomed the Minister.

Later the Minister laid the foundation stone of a rural health dispensary in Manghopir area. The dispensary will be constructed by the District Council Karachi at a cost of Rs 10 lakh.

CSO: 4220/207

INCREASE IN EXPORT OF MANUFACTURED GOODS

Karachi MORNING NEWS in English 24 Jan 82 pp 1, 8

[Text] Islamabad, Jan. 23--The upward trend in the export of manufacturing items is continuing and the national exports in this sector especially in the non-traditional items, have registered an increase of about 28 per cent in the first half of the current fiscal year.

This was stated by the Federal Finance Minister Mr. Ghulam Ishaq Khan, in the course of his meeting with the visiting 2-member team of the Bank of America here today, according to an official handout.

He said the striking feature of phenomenal rise in Pakistan's exports in the last 4 years was the growing contribution of the manufacturing sector which now stood at about 60 per cent of the total exports. He said allout efforts were being made to further boost national exports both in terms of value and volume.

He said the major items holding promise were cement, fertilizers and the engineering goods. He expressed the confidence that in the next 4 to 5 years Pakistan would make significant progress in the production and export of sophisticated items like electronic goods.

The Minister said that Pakistan's economic performance over the past four years had been very impressive in view of the wave of international inflation and recession which continued to sweep the world with no signs of respite. We have maintained sustained progress in the face of adverse global economic situation, he added.

The Finance Minister said that Pakistan achieved an advancement in its Gross Domestic Product (GDP) at an average annual rate of 6.2 per cent during the last 4 years. He said the commodity producing sectors of agriculture and manufacturing recorded an average annual growth of 4.2 per cent and 8.5 per cent during 1977-80. He said these growth rates reflected an increase of 2 to 3 times when compared with the 7 years prior to 1977.

He informed the US bankers that as a result of the policies pursued by the present Government the inflation rates had been contained to below 10 per cent on an average in the last 4 years. He said only last year the consumers price index ascended by a little above 13 per cent but that in it imported inflations contribution was as much as 10 per cent.

Aid Inflows

Mr. Ghulam Ishaq Khan stressed that Pakistan experienced steep decline in its net aid inflows till last year which adversely affected its balance of payments position. He said at the same time Pakistan's terms of trade fell and the decline amounted to 25 per cent last year. He said it was the obligation of the international community and the financing institutions to take measures to improve the deteriorating aid climate for the developing countries. This he pointed out, was essentially required for stabilising the economies of the developing world.

Mr. Ghulam Ishaq Khan appreciated the role of Bank of America in the developmental activities of Pakistan and hoped that the Bank would continue to take part in the economic development of Pakistan.

Mr W. H. Bolin Executive Vice-President of the Bank of America, who is heading the team lauded the economic progress which Pakistan achieved since 1977-78. He said the pace of progress attained by Pakistan during this period was faster than the global averages. He said this indicated the sound economic and financial management of the policies being followed by Pakistan. He assured that the Bank of America which was associated with Pakistan for the last 21 years, would remain aligned with its future progress.

The Finance Secretary Mr H. U. Baig was also present during the meeting which lasted more than an hour.

CSO: 4220/207

PAKISTAN

EDITORIAL ENDORSES ISLAMIC MONETARY FUND

Karachi MORNING NEWS in English 24 Jan 82 p 4

[Text] It is gratifying note that the Arab and Islamic states are planning to establish their own Islamic Monetary Fund in order to free their economies from the restrictions and domination of the industrialised International Monetary Fund. This has been disclosed by a senior Saudi Arabian economist saying that besides creating an economic group the formation of the Islamic Monetary Fund will have a political impact in favour of the member States. It will also facilitate the task of those interested in creating a united currency for Arab and Islamic countries through a special drawing unit that will represent these States against the predominance of the dollar and the pound sterling.

If this move materialises, it will go a long way in easing the financial problem of most of the Islamic countries which are at present facing a difficult situation. The failure of the industrialised countries to come to the rescue of the developing nations has made it clear that they are not serious enough to create a world economic order. More than seven years have passed that the UN General Assembly, at its sixth Special session adopted the Declaration on the New International Economic Order but how unfortunate it is that the economic fortunes of the Third World continue to decline.

Many conferences in the past were held in an attempt to restructure the world economic order and to alleviate the economic hardships of the Third World countries but all ended in stalemate. Thus this attitude of the industrialised nations has created widespread despair in the developing countries. Muslim countries of the Third World are, in particular, facing acute economic problems which are piling up day by day. If, therefore, Islamic Monetary Fund comes into operation much of the economic ills confronting the Islamic countries can be eliminated.

CSO: 4220/207

MINISTER ON NEW LABOR POLICY

Karachi MORNING NEWS in English 24 Jan 82 p 8

[Text] Lahore Jan 28--The Federal Minister for Labour and Manpower Mr Ghulam Dastgir Khan said today that the new labour policy based on the Islamic principles of justice and equality would give a real sense of respectability to the working class in the country.

The Minister was speaking as chief guest at the oath taking ceremony of the newly-elected office bearers of the Punjab Union of Journalists at a local hotel amidst a large gathering of newspaper workers.

The announcement of the policy he said was undoubtedly long overdue but the delay was due to certain unavoidable factors and not at all intentional on the part of the Government.

The Minister said the country was undergoing the process of Islamization which called for such a labour policy as should have the true Islamic injunctions as its cardinal point. The delay in the announcement of the policy he added would Inshallah prove a beneficial and after its implementation every worker would proudly feel that he was a respectable citizen of the country.

He said the people of Pakistan had all the characteristics of a great nation. They had always offered great sacrifices in the past for the sake of their faith and country and were prepared to do the same in future too if the need be. But the Minister regretted many a politicians at the helm of affairs after the death of the Quaid-i-Azam had betrayed them and never abided by the tall promises they made to the nation. There were still such so-called politicians who were out to cause disruption and confusion in the country and the people must remain on their guard against them the Labour Minister added.

He said great responsibilities devolved on the journalists to guide the people on right lines and inspire them to work for the national unity and success of the Islamic order in the country.

The Minister assured the journalists that his Ministry would do whatever possible for the solution of their problems particularly the implementation of the Award of the Wage Board for the journalists in every newspaper. His doors were always open for newspaper workers to listen to their difficulties and suggestions he said.

Earlier President of the PUJ Mr Abdul Haq Awan thanked the Minister for the efforts waged by his Ministry to set up the Third Wage Board for newspaper workers and later to enforce its Award.

He expressed the hope that new labour policy would be a balanced one and meet the national requirements.

Mr Zia-ul Islam Ansari who presided over the function in his brief speech lauded the Minister's efforts for the formulation of a labour policy based on the Islamic principles and assured on behalf of the journalist community full support for its enforcement and success.

CSO: 4220/207

LOCAL BODIES MEMBERS' INCLUSION URGED

Karachi MORNING NEWS in English 14 Jan 82 p 4

[Text] Syeda Zahida Zaidi, lady member of the Provincial Council of Sind, has stressed the need for giving more representative character to the Local Bodies institutions by giving maximum representation to the councillors in the Federal Council.

In a statement she pointed out that it were the Local Bodies councillors who were more conversant with the problems of the people than any body else and they must get representation in the Federal Council which was the more proper and effective forum where problems of the common man could be taken up and their solution sought.

She said that since the inception of Local Bodies system the performance of the elected representatives of the people was highly lauded by all sections of the population and this fact was also admitted at the Federal Local Bodies convention held last year. As such she said they deserve a place in the Federal Council in order to represent their electorate more effectively.

Syeda Zahida Zaidi also suggested that one lady member of the Federal Council should also be given the post of Vice-Chairman. She said that women of the country constituted the majority section of the population and as such one post of the Vice-Chairman should go to them.

She also suggested that students community should be given representation in the Federal Council as their problems were of particular nature and importance.

CSO: 4220/205

DISTRICT LEVEL CONSUMER BODIES PROPOSED

Karachi BUSINESS RECORDER in English 9 Jan 82 p 6

[Text]

ISLAMABAD, Jan. 8: Sheikh Ishrat Ali, Adviser to the President on Internal Trade and Business Coordination yesterday proposed the setting up of consumers committees at district level with a view to bringing down prices of consumer goods.

He was giving his impressions at a press conference on his return here from a study tour of south Asian and southeast Asian countries.

The Adviser said such committees were successfully operating in Sri Lanka and had succeeded in keeping the margin of profit within reasonable limits. He said the committees should have representation of retailers and the district administration and their constitution could arrest the upward trend of prices. He said prices could be fixed by the committees for a specific period, allowing 5 to 10 per cent of profit.

He said in Malaysia, Thailand, Sri Lanka, Hong Kong and Singapore, the margin of profit by traders, was far less than what prevailed in Pakistan.

During his stay there, the Adviser met trade ministers and other senior government officials besides representatives of business and industry.

He said the basic object of his visit was to learn from others experience in internal trade management and then suggest to President Mohammad Zia-ul-Haq suitable measures as to how their

good practices could be emulated in Pakistan. He said he had the opportunity of closely studying the internal trade institutions of these countries and was confident that this would help strengthen the internal trade cell in Pakistan.

Sheikh Ishrat Ali said he would also prepare a detailed report on problems facing Pakistani settlers there and importers and exporters of southeast countries. He said copies of the report would be sent to the departments concerned to enable them to take remedial measures.

He said the progress made by nations of south-east Asia was attributable to the active role played by the private sector. He said Pakistan offered a good opportunity of investment and official and private delegations should be sent abroad to attract foreign investment. Similarly, he said representatives of business community and industry could also be invited to visit Pakistan to set for themselves the local commercial centres.

He was confident that such exchange of visits could improve to a great extent Pakistan's economic relations with these countries.

In reply to a question, he said the prices of pulses have come down considerably. He said, he discussed the quality of pulses with the importers and hoped that there would be no complaints about it in future.

INSTITUTE FOR INDIGENOUS MEDICINE PLANNED

Karachi MORNING NEWS in English 16 Jan 82 p 3

[Text] Faisalabad. Jan. 15--The Federal Government is actively considering the establishment of a National Institute for Indigenous Medical System in the country Mian Mumtaz Ali, Vice-Chancellor of the University of Agriculture disclosed here yesterday.

In his inaugural address at the ninth annual conference of the Pakistan Medical Association he said under the project extensive research would be carried out on herbs and medical plants. He said the step has been taken under a directive from President general Mohammad Zia-ul-Haq emphasising the need and desirability of promoting the indigenous system of medicine to be better able to reach the common man. He said despite advices in synthetic chemistry the use of the plants and herbs has also persisted in many countries of the world. Pakistan exports medicinal plants worth crores of rupees which furnishes a loud and clear testimony to the importance the medicinal plants have gained in our economy and as a useable commodity in the world.

Over Population

In her paper, Dr. Mrs. Altaf Bashir professor of Gynaecology Punjab Medical College Faisalabad said that overpopulation is causing increase in the maternity and children diseases. She said mal-nurition, lack of health education, illiteracy and shortage of qualified lady doctors.

The conference is being attended by 150 prominent medical and biological scientists from all over the country which will continue for two days. It will have five scientific sessions in which some 40 papers on various aspects of research programmes would be read.

CSO: 4220/205

EDITORIAL ON NEW SET-UP IN KARACHI

Karachi BUSINESS RECORDER in English 8 Jan 82 p 2

[Text]

The plan for dividing this metropolitan city of Karachi into eight municipal zones, is indeed the right step in the right direction. According to reports appearing in the press, a committee has been set up to finalise the plan which would ultimately be submitted to the Karachi Metropolitan Corporation for approval. The need for decentralising the civic body's functions was being felt for long. Most of the existing civic problems faced by the residents of this city, and for that matter of any big city in the country, are the product of over centralisation of authority in one body and sometimes even in one individual. Such a body cannot be expected to meet the growing civic requirements of the people properly. Though with the restoration of civic bodies two years ago some relief has been felt, it is yet to go a long way to tackle the ever-increasing problems faced by the residents.

BUSINESS RECORDER as the first to have made a suggestion to decentralise

the KMC and divide the City into several zones. We had suggested that the civic administration of this fast-sprawling City should be run on the pattern of London boroughs. Under such an arrangement the central body, in the case of Karachi it is the KMC, will not lose its importance. On the contrary, its importance will be enhanced. At present there exist a number of civic bodies which are performing one job or the other. But due to the total absence of coordination among them, these bodies are adding to the problems rather than solving them. The KMC, the KDA, the WASA, even the Telephone and Telegraph Departments, are supposed to render some service to the people. But very often the services which they render for the welfare of the residents, have just the reverse impact on the lives of the people. One day the KMC builds a road, and the next day the Telephonewallas dig it to lay underground cables. Hence, what was done only a day before is undone the next day. And

this process continues. For the residents of, say, an area as far away as Landhi, it is not possible to come to the KMC head offices in the middle of the City every day to bring their problems to the notice of the authorities and get them solved. Nor can the authorities in the head office, despite their sincere desire, effectively tackle their problems. It is all due to the over-centralisation and lack of coordination between the numerous bodies.

It may be recalled that the City has long been divided into three districts for administrative purposes. But the division into much more zones for the purpose of providing civic amenities to the people has been delayed so long. We are glad that the work has now been initiated in this regard and plans are being drawn to create eight zonal civic bodies. These bodies must be run by the elected representatives of the people

instead of the bureaucrats. It is easier for the people to catch hold of their representatives and tell them of their problems than to approach a bureaucrat and seek the solution of their difficulties from him. The overall responsibility of the City's civic problems would rest with the Metropolitan Corporation. As such it would assume greater importance and would become the supreme civic authority.

We would, however, like to reemphasise that Karachi deserves special attention of the authorities for the solution of its ever-mounting problems. Any disruption or dislocation in the life of the City produces unhealthy effects on the national economy. It is, therefore, imperative that the measures which are being contemplated should be finalised and implemented without any delay. The sooner it is done the better it would be.

NATION'S STEEL PROGRESS OUTLINED

Karachi MORNING NEWS in English 22 Jan 82 pp 1, 8

[Text] The Chairman Pakistan Steel Mr. H. N. Akhtar said here yesterday that like previous year four major units would be completed during this calendar year in the Rs. 2500-crore prestigious steel projects of the country.

Addressing a news conference the Chairman said that the second blast furnace and coke oven battery would be complete by the end of June billet mill by July and steel convertor in August. He said that so far Rs. 1.700 crore had been spent on the project.

Answering a question Mr. Akhtar said that Pakistan Steel had so far finalised deals for the export of 80,000 tons pig iron worth 8.20 crore dollars to India at the current International market rate of 125 dollar per ton. He said that 30,000 tons pig iron had already been shipped and the remaining consignment of 50,000 tons would be transported to India through rail this month.

He said that Pakistan Steel had also submitted its quotation for an international tender called by India for the import of one lakh tons pig iron.

To a question, the Chairman said that Pakistan Steel had incurred a loss of Rs. 10 million as it had sold the pig iron to India at a rate which is below the cost of production. He however said that the export problem would be over with the commissioning of the steel convertor which would be consuming the pig iron.

To another question Mr. Akhtar said that Pakistan Steel had so far sold 30,000 tons coke locally and no export of this item was made.

He however said that a two-member delegation was being sent to Romania to finalise an agreement for the sale of coke there. Romania has shown interest in buying one lakh ton coke whereas they had a surplus stock of 80,000 tons coke.

Mr. Akhtar said that seven to 10 lakh tons billet was consumed annually in the country and Pakistan Steel can co-exist with the shipbreaking industry producing scrap.

Mr. Akhtar said that efforts were under way to promote the establishment of downstream industries which could utilise the products of Pakistan Steel.

He said that three entrepreneurs had assured of preparing a feasibility report for the establishment of large diameter pipe manufacturing plant in Pakistan to meet the requirements of oil and gas industries. The entrepreneurs would seek foreign collaboration in this industry. It would be of short gestation period. Its automatic plant could be set up in 10 months, he said.

Mr. Akhtar said that he had approached Pakistan Banking Council and Bankers Equity Ltd for providing financial assistance in promoting these industries. Both the organisations he said had favourably responded

No Sabotage

The three-member inquiry committee constituted to probe the fire incident in the Pakistan Steel on Jan. 1 in its report has ruled out the possibility of any sabotage, criminal or operational negligence Mr. Akhtar said.

The Chairman said that the fire had caused a loss around Rs. one crore and the repair work would be done within three months. Pakistan insurance Corporation would foot the repair bill.

CSO: 4220/207

BRIEFS

NOMINEE REFUSES MEMBERSHIP--Lahore, Jan. 13--Mr Naeem Chattha, advocate, son of the veteran Muslim Leaguer Mr Mohammad Hussain Chattha, who had been nominated to Majlis-i-Shoora from Sheikhupura, declined to take oath of membership in deference to the directive of the Pakistan Muslim League. Mr Mohammad Hussain Chattha told this correspondent on phone that like a respectful and disciplined son, his son, Mr Naeem had decided to go by the directive of the party which had asked the members not to accept nomination to the Council. He, however, made it clear that neither Khwaja Mohammad Saifdar nor Mian Mumtaz Daultana had offered any advice to him or his son to decline the offer. Nor was there any truth in the Press reports that he had "threatened to go on hunger strike if his son decided to accept the nomination." [Text] [Karachi DAWN in English 14 Jan 82 p 4]

POLICE FORCE INCREASE DEMANDED--Hyderabad, Jan 13--The DIG, Police, Hyderabad Range, Syed Mohib Asad, said here on Sunday that law and order in Hyderabad Range would completely break down during the next five years if the strength of the police force was not increased. He told a Press conference that the strength of police had remained stagnant since 1962 and the other conditions relating to police department had also not been improved. He said that 10 police stations in the six districts of Hyderabad Division had been declared dangerous and no alternate arrangements had been made so far. About small recovery of property theft cases he said that it was because of shortage in police force. Referring to the incident that took place near Petaro on Friday resulting in the death of one policeman, the DIG said that it was a complicated case and therefore the First Information Report book (FIR) had been sealed and seven persons had been detained for dacoity. He however refused to disclose anything about the alleged killing of the police constable near Petaro. [Text] [Karachi DAWN in English 14 Jan 82 p 4]

COUNCIL VICE-CHAIRMEN APPOINTED--Islamabad, Jan 13--The Chairman of the Majlis Shura, Khawaja Mohammad Saifdar has appointed four vice chairmen for the current session of the Federal Council, it was stated here today. According to an announcement, the vice-chairmen are: Qari Saeed ur Rahman (Punjab), Agha Sadruddin (Sind), Khan Fida Mohammad Khan (NWFP) and Mir Jam Ghulam Qadir Khan (Baluchistan). [Text] [Karachi BUSINESS RECORDER in English 14 Jan 82 p 1]

JAMAT-i-ISLAMI LEADER RETIRING --Lahore, Jan 13--Amir of the Defunct Jamaat-i-Islami, Mian Tufail Mohammad, has said that he had retired from politics, reports daily Nawa-i-Waqat. He was asked to comment on the speeches and declarations made in the opening session of the Majlis-i-Shoora he said what could be said about

speeches and declarations of such big people. When he was reminded that he himself was among the big people of politics, he said, he had now retired. [Text] [Karachi MORNING NEWS in English 14 Jan 82 p 3]

PAKISTAN CONSULATE IN BOMBAY--Islamabad, Jan 12--Pakistan is opening its consular office in Bombay shortly, Foreign Minister Agha Shahi announced today in the Majlis-i-Shoora. The office is being opened to provide visa facilities to Indian nationals who desire to visit Pakistan. A full-fledged visa office already exists at the Pakistan Embassy in New Delhi. [Text] [Karachi DAWN in English 13 Jan 82 p 1]

POSTER FORFEITED IN NWFP--Peshawar, Jan. 11--The government of NWFP has forfeited all copies of the poster captioned "Next revolt in Pakistan" with immediate effect, says an official handout. [Text] [Karachi BUSINESS RECORDER in English 12 Jan 82 p 4]

TRIBAL ENGINEERING COLLEGE DEMANDED--The tribal students have urged the Govt. that the proposed Engineering College for FATA be established. President of Khyber Medical College Students Union Mr. Said Alam Shah and the president of Waziristan Youth Organisation Mr. Qasim Masood in a statement said that because of the lack of facilities for the tribal people the establishment of the said college was most imperative. [Text] [Peshawar KHYBER MAIL in English 1 Jan 82 p 3]

ALLEGED TERRORISTS' DISCLOSURE--Rawalpindi, Jan. 21--An alleged terrorist Riaz alias Sajid, has disclosed during interrogation that he had undergone training of terrorism under orders from 'Murtaza Bhutto' in Kabul, reports daily Jang of Rawalpindi. Raiz has also disclosed that he and two other members of the training programme were sent to Pakistan from Kabul on a special mission and in this connection, Murtaza Bhutto, had pinpointed a particular personality who had to be the target to terrorist activity. They had also been directed to create terror and panic through subversive activities. According to the reports, Riaz, the alleged terrorist, has further disclosed that special lectures to project socialism were also delivered during their training and they were taught about socialism as being the only system of society which provided an ideal situation for the people. The interrogation in this regard is being conducted by the CIA authorities and more information in this regard is expected. [Text] [Karachi MORNING NEWS in English 22 Jan 82 p 1]

UNDP AID FOR PAKISTAN--Islamabad, Jan 21--UNDP (United Nations Development Programme), will extend to Pakistan 98.15 million dollar under its third five-year country programme (1982-86) commenced from January 1, 1982. Official sources said that emphasis had been placed on the development of agriculture and development of human and natural resources under the third five-year cycle. UNDP provided 52.145 million dollars as technical assistance to Pakistan during the second five-year cycle of which 48.3 million dollars has been disbursed. The second country programme by and large followed the priorities which have been outlined in country's Fifth Five-Year Plan. It gave due emphasis on the requirements of technical assistance where UNDP could possibly cooperate in different sectors of the economy, including agriculture and rural development, human resources natural resources industries trade and tourism and infra-structure. during 1980. The UNDP assistance for implementation of various development project was 14.259 as against 13.330 million dollars million dollars in the preceding year. [Text] [Karachi MORNING NEWS in English 22 Jan 82 p 1]

MEDICAL GRADUATES DEMAND JOBS--The fresh graduates of Sind Medical College at their meeting held on Wednesday demanded that paid house jobs be provided to every graduate of Sind Medical College. The meeting which was presided over by Dr. Abid Waheed Chairman of the House Job Committee also demanded that in the Jinnah Post Graduate Medical Central all the house jobs be given to the graduates of the Sind Medical College. [Text] [Karachi MORNING NEWS in English 22 Jan 82 p 9]

END OF BAN DEMANDED--The Honorary General Secretary of Pakistan Medical Association, Karachi branch, Dr S. Tipu Sultan has demanded of the Government to lift the ban on NOC for doctors going abroad for post-graduate studies. In a statement, he expressed his concern over the non-availability of posts even in rural areas for newly qualified doctors, and added, that in future the pressure of doctors' demand for more jobs and career opportunities will further increase with the passage of time. Dr Sultan said that mere reduction in admission of medical colleges will not solve the future problem of adequate number of doctors for ever-increasing population. Therefore, he urged upon the Government that a comprehensive plan should be prepared and its implementation be started without any delay, he added. [Text] [Karachi MORNING NEWS in English 22 Jan 82 p 9]

QUETTA GAS PIPELINE--Quetta Jan. 23--The Quetta natural gas pipeline project is expected to be completed by the end of the current calendar year. This was stated by the Provincial Governor Lt-Gen. Rahimuddin Khan while talking to Newsmen at Kundlam near Sibi on Thursday during his inspection of the pipeline laying operations of the project. He said President General Mohammad Zia-ul-Haq is very keen to develop Baluchistan in the shortest possible time. As a result of President's keen interest the project is expected to be completed ahead of schedule. The Governor also commended Sui Gas Transmission Company which is implementing the project with missionary zeal. The Governor said that the distribution system of the gas will also be undertaken and completed simultaneously at Quetta and other intermediate stations from Shikarpur to Quetta. Earlier the Chairman Sui Gas Transmission Company briefing the Governor said that of the total mileage of 344 kilometres long pipeline from a point near Shikarpur to Quetta 213 kilometres had already been laid. The project would cost 702 million rupees and would be completed well in time. [Text] [Karachi MORNING NEWS in English 24 Jan 82 p 3]

STATEMENT ON STUDENT ARRESTS--All the students reportedly involved in the firing incident at Karachi University and NED Engineering University have been arrested from various cities of the country, official sources told PPI here yesterday. They said local police has also completed the investigations against the accused nabbed under various charges. They said police after successful operation arrested more than 30 students and half of them are in the jail. Meanwhile the local police posse comprising of 10 platoons posted inside the Karachi and NED Engineering University at the time of elections was taken out yesterday. The police remained in both the campuses from Dec. 3 last year till yesterday. Official sources said the authorities are still keeping watch on the situation and are alert to tackle any unrest. It may be recalled here that police had raided both the campuses on the election day and arrested a number of students and seized large quantity of unlicensed arms including stenguns. The sources maintained that both the Universities are running their classes normally. [Text] [Karachi MORNING NEWS in English 24 Jan 82 p 8]

AFGHAN REFUGEES IN NWFP--In the north-west frontier province, the total number of Afghan refugees stood at about 2 million on the 15th of this month. These have been lodged in 240 tented villages in different parts of the province and the adjoining tribal areas. This information was given in the provincial council which concluded its 4-day session in Peshawar this afternoon. The meeting was briefed on the relief operations undertaken for the Afghan refugees in collaboration with international agencies, friendly countries and local and foreign voluntary organizations. [Text] [BK271525 Karachi Domestic Service in English 1005 GMT 27 Jan 82]

CSO: 4220/208

TURBULENT YEAR OF MAJOR ECONOMIC SETBACKS

Kuala Lumpur BUSINESS TIMES in English 30 Dec 81 p 6

[Article by Mario Baluyot in Manila]

[Text] THE year 1981 was one of the most turbulent years for the Philippine economy which saw the humbling of several conglomerates, mergers of high-flying financial giants, and bank runs that resulted in huge financial scandals that nearly crippled the national business sector.

These major setbacks came at a period when the economy was undergoing a restructuring process towards a freer market while at the same time implementing belt-tightening measures to cope with the worldwide economic slowdown, inflation, high interest rates and rising oil prices.

Factors

The year also saw the government fall short of its estimated growth target in the face of a depressed stock market, weakening currency, weakened exports, mounting foreign debts and a widening balance of payments deficit.

The only apparent plus were: A lowering of the inflation rate from 18.1 per cent last year to about 11 per cent by the last quarter of this year, a strengthening of the country's non-traditional exports and its ability to retain the confidence of its foreign creditors.

This year, the Philippines is not even expected to equal the 6.5 per cent economic growth in 1980 by posting a five per cent or lower growth rate

— the lowest of the five member ASEAN economic grouping.

Major contributing factors were the decline in the country's export earnings by 4.8 per cent in contrast to the 15.8 per cent rise in imports.

This development brought the total trade deficit to US\$2.368 million during the first 10 months of the year compared to the US\$1.278.38 million during the same period in 1980. Exports amounted only to US\$3.770 million compared to imports of US\$6.004 million.

Crude oil payments which represented about 40 per cent of the total imports for the period reached US\$3.404 million — an amount that rose by 67 per cent over the US\$1.660 million last year.

Although the overall balance of payments (bop) deficit was expected to ease lower by the end of the year, the country accumulated a total bop deficit of US\$811.44 million as of October, a figure which was way above the US\$330 million target for 1981.

Compounding the widening bop deficit was the weakening of the Philippine peso vis-a-vis the US dollar and a staggering foreign debt which had risen to US\$12.340 million as of the third quarter this year.

The peso depreciated in value by about 5 per

cent. In January, the average exchange rate of the peso was about 7.85 to the US dollar. Towards year-end, it weakened to average at 8.10.

The projected recovery of the economy at the last quarter failed to materialize due to the direct effects of the recession in the United States, the country's biggest trading partner whose economic slowdown is expected to last until the first semester next year.

Businessman Dewey Dee hurt the financial sector when he fled in January, leaving debts amounting to 635 million pesos (about US\$84.6 million).

Through direct loans, foreign currency swaps, commercial paper floated, Mr Dee victimized at least 14 commercial banks, 12 investment houses, 17 other corporate and individual leaders. The anomaly however was not the last.

The loophole-ridden financial sector encountered several other financial busts — notably the Philippine Underwriters Finance Corporation (Phil Finance) affair that exposed huge government involvement — prompting the government to institute stop-gap measures to refloat the financial system.

Four corporate giants had to avail themselves of government assistance through a special fund set up specifically to bail them out of dire financial straits.

This further led to the merger of two other financial institutions — the Herdisund Bancom groups — and the increased exposure of the government's financial institutions at a time when it was trying to shed off some protectionist measures in various industries.

Merger

The government also set up another fund to finance stock purchases in the exchanges. But the measure failed to perk up the dormant bourses whose investors shied away from the imposition of capital gains tax.

The Philippine government, however, feels that harsh economic realities have seen their end this year and expects a recovery next year along with a higher growth target which is estimated to reach 6 per cent by 1982.

The next five-year plan is expected to bring an average growth of 6.8 per cent with a projected recovery of the worldwide economy and the assistance from industrial giants like Japan.

Domestic economic policies expected to support the government's projection include the implementation of a systematic and aggressive exports promotion campaign programme in a widened market and a national livelihood programme to boost the productivity and income of the rural areas. — AFP

MANILA PROCEEDING WITH INDUSTRIALIZATION PROGRAM

Kuala Lumpur BUSINESS TIMES in English 19 Jan 82 p 21

[Article by Dilip Mukerjee in Manila]

[Excerpts]

THE die is cast: the Philippines government is going ahead with its 11 major industrial projects costing an estimated US\$4 billion despite the misgivings voiced by some businessmen and academics in public and even some ministers in private.

The projects were worked out in the main by Mr Roberto V. Ongpin, who at 44 is one of the youngest members of the Marcos cabinet. A management expert (with a prestigious MBA from Harvard), he was drafted into the cabinet from an internationally reputed accountancy and management consultancy firm.

In a sense, what Mr Ongpin is trying to do is exactly what Malaysia's fourth plan sets as priority tasks — namely shift to basic industry to produce intermediate products like steel within the country to serve not only the domestic market but to have some surplus left over for export. And all the 11 are based in varying degrees on the use of locally available resources like copper and iron ore.

For the Philippines, the 11 projects represent a kind of "double or quits" gamble on transforming the economy now strapped by heavy debts and a widening trade deficit. It cannot afford to fail because the consequences would be disastrous.

In answer to the criticism that the package of projects is too am-

bitious, Mr Ongpin points out that the underlying concept has already been scaled down by dropping the plan for a brand new steel mill in favour of expanding an existing one and by lowering the sights on substitution of alcohol for petrol. As a result, the total cost has been reduced by a third from the original estimate of US\$6 billion.

Secondly, substantial foreign financing is expected to be available for several — as for instance the 100 per cent equity taken by Japan's Isuzu for a plant to manufacture the smaller range of diesel engines or the 60 per cent in the phosphatic fertilisers plant by the tiny South Pacific Island republic, Nauru, which will supply the phosphate rock.

This claim, however, glosses over the fact that the steel plant will now be a wholly indigenous effort instead of a joint venture as originally envisaged. Mr Ongpin does not give the reasons for the shift except to say that the context has changed because it now involves expansion rather than a new start.

It has also to be noted that Reynolds, the US aluminium giant, has withdrawn from the aluminium smelter project following a dispute over the pricing of power, a key element in this energy-intensive field. Likewise, the West German engineering giant M.A.N. has notified that it is unable to go

ahead immediately with the second diesel engine plant, obliging Mr Ongpin to search for a new partner.

These two setbacks — which is what they undoubtedly are — show that the minister's assertion of the economic viability of the projects is arguable, at least in some cases. Viability, after all, is a matter of judgement regarding the many imponderables involved in such projects. There is thus room for differences — specially when a project is looked upon from the entirely different angles of the Philippines and that of an investor free to put his money in similar plants elsewhere.

Mr Ongpin says that with a gearing of one to three between equity and loan capital, the investors have to find only a US\$1 billion spread over five years — the time span he has in mind for getting all 11 launched. On the basis of investment by foreign investors and the domestic private sector, he says that the money that the government itself will

have to find will be no more than US\$500 million. At US\$100 million a year, this will be less than 4 per cent of its capital budget in terms of the appropriations made in 1982.

This argument is intended to answer those who say that the package will place such a heavy

burden on the government's resources that it will squeeze resources for other programmes. By showing that the foreign exchange required for the 11 will come from commercial sources, he answers the related criticism that aid available to the Philippines will get pre-empted by the projects leading to denial to other deserving end users.

The minister does not deny that the projects are capital intensive, offering limited job opportunities in a country with large open unemployment. But he argues that no country can afford to pass up capital-intensive industries altogether because some of them are needed to underpin industrial diversification. So estimates of employment potential should take into account the jobs that will arise as a result of the spin-off (Champions of the steel industry argue, for instance, that one job in producing steel creates nine jobs outside it).

Mr Ongpin also acknowledges that the government's track record in building and managing projects does not inspire confidence. But he says that there are new rules now in force to eliminate past mistakes. In addition, he expects joint venture partners handicapped by him to provide the technical expertise to run projects successfully under the watchful eye of the government.

TRADE DEFICIT, EXTERNAL DEBT, INTEREST PAYMENTS UP IN 1981

Kuala Lumpur BUSINESS TIMES in English 19 Jan 82 p 24

[Text]

THE Philippines ended 1981 with a larger balance of payments gap, reduced gross national product growth and a weaker currency against the dollar, but inflation was lower and overall economic performance was creditable, according to Central Bank Governor Jaime Laya.

In a preliminary report on the economy to President Ferdinand Marcos, Mr Laya said 1981 tested the essential strength of the Philippine economy and the flexibility of its financial system.

"Yet the major economic indicators showed gains in some areas despite the hostile influences of the external environment and dislocative incidents in the internal financial scene," the report, released over the weekend, said.

The Governor said the country recorded an overall balance of payments deficit of \$560 million, compared with \$381 million in 1980.

The large trade deficit

of \$2,483 million, up 67 per cent on 1980's 1,726 million, was partly mitigated by substantial gains in remittances by Filipino workers abroad and personal transfer of funds, he said.

Although there was increased income for some exports, such as coconut products and non-traditional manufactures, continued recession in the country's main trading partners and prevailing protectionism dampened demand for other exports such as sugar, timber and minerals to leave earnings at \$4,452 million compared with \$4,653 million in 1980.

Imports again rose, to \$8,885 million from \$8,379 million, mainly as a result of the higher oil bill, but Mr Laya noted a significant slowdown in total import growth from 26 per cent in 1980 to about 10 per cent in 1981.

External debt stood at \$15,855 million at the end of 1981, up \$3,184 million from \$12,701 million in 1980.

Interest payments

during the year were \$1,108 million compared with \$709 million in 1980 as a result of increased foreign borrowings and higher world interest rates.

The international reserves stood at \$2,574 million, enough to pay for four months' imports, following a decision to reduce the level from the 1980 figure of \$3,165 million to save on interest payments.

The Philippine peso continued to show a depreciation against the US dollar, ending the year at 8.2 to the dollar compared with 7.6 at the end of 1980.

Mr Laya attributed its decline to the strength of the dollar and continuing deficit in Philippine foreign exchange transactions.

According to advance estimates from the National Economic and Development Authority (NEDA), the Philippines registered an annual growth rate of 4.7 per cent in real output. Mr

MANILA, Jan. 18

Laya said.

This compared with 8.4 per cent the previous year and the planned average 5.5 per cent in the current five-year development plan, but the Governor said the performance in 1981 was "considered satisfactory in view of worldwide recession."

Domestic inflation slowed down to 12.5 per cent in 1981, "due largely to supply stabilisation and improved distribution," Mr Laya said, adding that it was the lowest since 1979 and considerably below the rates registered by non-oil developing countries and the world in general. — Router

'PURPOSE' BEHIND CRITICISM OF SOVIET UNION

Kuala Lumpur NEW STRaits TIMES in English 23 Dec 81 p 15

[Text]

SINGAPORE, Tues. — Because it is aware of how helpless it is before Soviet power, the tiny city-state of Singapore takes a high profile in criticizing Moscow, says Deputy Prime Minister Sinnathamby Rajaratnam.

The Soviet Union seeks to dominate Asia, using Marxism to disguise its old-fashioned imperialist plans, he said in a talk at the National University of Singapore yesterday. Mr Rajaratnam is a former Foreign Minister who now is Second Deputy Prime Minister in charge of foreign affairs.

"Singapore is taking a high profile over Kampuchea (Cambodia) and Afghanistan not because it believes that it can bring about a change in Soviet Asian policy but out of an awareness of its helplessness before Soviet power," he said.

Singapore is a 267.2 square-mile (688 sq. km)

island republic with a population of 2.4 million. Despite its modest size, its leaders have been among the harshest critics of Kremlin policies in recent years.

Mr Rajaratnam said his country's loudly-voiced views on such issues as Cambodia and Afghanistan have been called a usurpation of behaviour more becoming to bigger and more powerful countries.

"It is the low profilers who have an exaggerated view of Singapore's capacity to influence Soviet policy. They think that if they can simulate meekness, humility and submissiveness the Soviets could be persuaded to leave Singapore and South-East Asia alone.

"Even an indifferent student of history will tell you the meek, far from inheriting anything, have invariably disappeared from the earth."

Mr Rajaratnam said only a high profile in foreign relations offered

small nations the possibility of influencing powerful ones.

"By articulating their fears openly and loudly and making known their perception of Soviet intentions, the small nations can make clear that they intend to seek salvation through collective effort..." he said.

"The Soviets must have taken note of the fact that their actions in Afghanistan and Kampuchea have so far produced nothing more threatening than ritual moral condemnation — and I can think of no single instance in history where moral condemnation defeated aggression.

"If a new imperialism is to be thwarted in Asia, it must be done largely by Asians themselves, by Asian cohesion and Asian determination to see that they do not, after a brief interlude of independence, once more become the subjects of a new empire." — AP.

CSO: 4220/571

STARTUP OF PETROCHEMICAL PROJECT MAY BE POSTPONED

Kuala Lumpur BUSINESS TIMES in English 8 Dec 81 p 20

[Text]

A MAJOR question mark now hangs over the start-up of Singapore's premier industrial project, the giant \$2 billion Sumitomo petrochemical complex on Pulau Ayer Merbau.

Top Sumitomo Chemical officials have arrived in town for talks with the Singapore government on the possibility of postponing production of petrochemical products at the complex because of poor market conditions.

The officials include the senior managing director of Sumitomo Chemical, Mr D. Komiyama, who is also managing director of Petrochemical Corporation of Singapore, the company in charge of the project.

Reports from Tokyo in the weekend claimed that Sumitomo had already negotiated with the government on a postponement of the start of production owing to oversupply and stiff competition from other countries.

A Sumitomo spokesman from Tokyo was quoted as saying, "We are discussing whether it is desirable for us to delay the start of the operations by six months or one year, because inexpensive petrochemical products from Canada, the United States and the

Middle East are readily available in South-East Asia."

"It is very difficult at this moment to decide whether such products are competitive in South-East Asia," he continued.

The Tokyo reports seem to have caught top Singapore investment officials by surprise.

The Singapore stand is that the project is proceeding according to schedule, as a visit to the island would testify. Singapore officials say a postponement of production is expensive because of the high interest costs of the \$2 billion complex.

It is believed that both sides look set for some long discussions as the Tokyo reports coincide with the presence of top Sumitomo men in town, who are ostensibly in for a meeting on the progress of construction of the Ayer Merbau complex.

The project is scheduled for completion in August 1982, some eight months away. Yet, Mr J. Nishiwaki, director of PCS and the top man in charge of construction, said recently that no preparations for production have been made and that these will only take place after the mechanical completion of the naphtha/LPG

cracker.

Normal start-up will take three to four months. Mr Nishiwaki said that start-up can be delayed indefinitely without damage to the equipment.

Interest cost of the project is prohibitive. Not only would there be idle capital equipment, there would also be a delay to the downstream plants dependent on the upstream cracker for their feedstock.

The upstream plant itself will cost \$400 million up to the mechanical completion stage. The start-up costs would be another \$200 million, making the total cost of the upstream plant \$1 billion.

Interest charges will be paid to the Japanese Export-Import Bank for \$500 million, and private banks such as Development Bank of Singapore, Morgan Guaranty Trust Company of New York and Bank of Tokyo. There will also be interest on shareholders' loans.

The upstream cracker is 50 per cent owned by the Singapore government and 50 per cent owned by the Japanese consortium, Japan-Singapore Petrochemicals Company. Sumitomo Chemical, however is a major shareholder of JSPC.

PAP EXERTING PRESSURE ON LONE OPPOSITION MP

Kuala Lumpur (SINGAPORE) 18 Jan 82 p 21

[Article by Francis Daniel in Singapore]

[Text]

PRIME Minister Lee Kuan Yew's Peoples' Action Party (PAP), defeated in a recent by-election for the first time in 16 years, is making a determined effort to ensure that the opposition will never again be able to mount a credible challenge.

Its main target is 55-year-old lawyer J B Jeyaratnam who broke the PAP monopoly in the 78-seat parliament in the by-election last October with stunning effect on the island's political scene.

While Mr Jeyaratnam and his Workers' Party supporters proclaimed the victory as the dawn of a new era in Singapore, Mr Lee and his colleagues vowed that it was the beginning of the end of parliamentary opposition.

Mr Lee said he considered an opposition in the legislature only of nuisance value, aimed at upsetting the smooth running of his government and creating general political uncertainty.

He told his dejected party supporters at the Anson constituency, created by PAP stalwart and newly-elected Singapore President C V Devaraj Nair, that Mr Jeyaratnam's victory was only a minor setback which would be put right in the next general election due in 1984.

Mr Lee said that his party would field the defeated candidate and newcomer Pang Kim Hin at Anson in the next election to prove his point.

Other senior PAP officials maintained that the outcome of the by-election did not reflect a fundamental change in the politics of Singapore and only demonstrated sporadic grievances of a small section of the electorate.

Despite the display of outward calm, the PAP has set in motion a giant political machinery against Mr Jeyaratnam, who has openly stated that he has neither the funds nor manpower to mount a full-scale challenge against the ruling party.

Mr Jeyaratnam, a 55-year-old practising lawyer, told reporters that the PAP government was blocking almost all his efforts in performing his duties as a Member of Parliament.

He said that he was forced to conduct his weekly meetings with his Anson constituents at an open space under a multi-story apartment block as the previous office used by Mr Nair had been given away to the government-sponsored People's Association.

He said that his party had been denied permission to hold a mass rally at a stadium to pre-

sent its manifesto to the public.

His call for a debate with Prime Minister Lee on the role of the opposition in a democracy also was rejected as a frivolous attempt to gain publicity.

Detention

Mr Jeyaratnam felt the full wrath of Mr Lee when he made his maiden speech in parliament accusing the PAP of improperly utilising government facilities and the prime minister of using police during election campaigning.

Mr Lee, who prides himself on running a corruption-free government, unleashed a tirade against Mr Jeyaratnam and offered to set up a commission of inquiry to clear his government's name and condemn the lone opposition MP as a "liar and hypocrite."

Visibly shaken by Mr Lee's vehemence and relentless questioning, Mr Jeyaratnam, amidst an uproar in parliament admitted that his allegations were based on rumours.

Immediately after his "baptism of fire" in parliament, as one local English-language newspaper put it, the government assigned two PAP members to look after the interests of the people of Anson.

The biggest blow for Mr Jeyaratnam's party, and perhaps the whole opposition, came over the weekend when the government detained 10 people, including two leading workers party members, under the Internal Security Act (ISA) for allegedly trying to overthrow the government through force of arms.

Although the government maintained that the arrest of the ten men under the ISA, which provides for indefinite detention without trial, were unrelated to their political affiliations, it had sent shock-waves through the opposition camp.

Mr Jeyaratnam said that he would support the government's move if it could prove in open court the allegations against the detainees.

He expressed hope that the arrests were not a ploy to discredit the opposition which is trying to discard its past lethargy and inject some vigour in the island's political make-up.

Mr Jeyaratnam admits that his lone voice of dissent in parliament cannot be effective, and the PAP appears to be determined to keep it that way. — Reuter

BRIEFS

REPORTS ON FOREIGN MILITARY BASE--Sri Lanka has made it clear that it will not allow any foreign power to set up military bases on its territory. Sri Lanka Minister for Planning and Finance Ronnie de Mel told a press conference in New Delhi today that during his discussion with Prime Minister Mrs Gandhi he clarified that there is absolutely no truth in reports on Trincomalee being converted into a foreign military base. He said during peace time naval vessels from any number of countries, including India, can use the Sri Lanka port for usual fueling and bunkering. He reiterated his government's strict adherence to the policy of nonalignment. Ronnie de Mel said his discussions with Indian ministers centered mostly around strengthening of bilateral economic ties. Earlier, India and Sri Lanka signed a revised convention in furtherance of the double taxation avoidance agreement existing between the two countries. [Text] [BK271615 Delhi Domestic Service in English 1530 GMT 27 Jan 82]

TAXATION CONVENTION WITH FRG--Sri Lanka and the Federal Republic of Germany have entered into a revised double taxation relief convention which will come into force on 20 February. The revised convention will be effective from the year of assessment 1982-83. [BK241213 Colombo International Service in English 1045 GMT 22 Jan 82]

FINANCE MINISTER TO DELHI--Minister of Finance and Planning Ronald de Mel has left for New Delhi on an invitation from the Indian Government to be a guest at the Indian Republic day celebration. During this visit, de Mel will have detailed discussions on Sri Lanka-India economic cooperation with Prof Pranab Mukherjee, the new Indian minister of finance. Extension of the Indian line of credit will also be featured during these discussions. He will also have discussions with R. Venkataraman, minister of defense; Narasimha Rao, minister of foreign affairs and the ministers of commerce and planning and petroleum. The finance minister will call on Prime Minister Indira Gandhi on the 27th. [Text] [BK211107 Colombo International Service in English 1045 GMT 21 Jan 81]

PRESIDENT RECEIVES CREDENTIALS--[B. E. Kirnasovskiy], ambassador extraordinary and plenipotentiary of the USSR to Sri Lanka, presented his credentials today to President J. R. Jayawardene at the President House. In accepting the credentials, the president said that Sri Lanka remains committed to the policy of nonalignment and to the reduction of tension everywhere. In accepting credentials of Anat Suwanwihiok, ambassador extraordinary and plenipotentiary of Thailand to Sri Lanka,

President Jayawardene referred to the centuries-old friendly ties between Sri Lanka and Thailand with special emphasis on the religious and cultural ties. Sri Lanka, the president added, has followed with great interest the progress of the people of Thailand because it is another major Buddhist country. Foreign Minister A.C.S. Hameed was associated with the ceremony. [Text] {BK281247 Colombo International Service in English 1045 GMT 26 Jan 82}

CSO: 4220/209

THAILAND

INTELLIGENCE AGENCY RELATIONSHIPS, SUBORDINATION REPORTED

Bangkok MATICHON in Thai 13-20 Dec 81 pp 6, 7

[Article: "The Intelligence Agencies -- Whose Pain?"]

[Text] "I want to warn reporters, the Central Intelligence Department and the intelligence agencies, if you think only about your own interests and report false information to your superiors or to the government, take care! This leads to a loss of unity among important people. Furthermore, if an important person is gullible, this generates fear, suspicion and misunderstanding so that people do not want to talk to each other. This would be very sad for this country. People who once went to see each other and who liked each other will no longer go to see each other because of a worthless intelligence agency."

The above quotation, which expresses great dissatisfaction and resentment, is from the mouth of General Kriangsak Chamanan, the head of the National Democracy Party and the former secretary-general of the Revolutionary Committee, former supreme commander and, most recently, prime minister. During an interview with a reporter on 7 December, he expressed his dissatisfaction on learning that an intelligence unit of the government of General Prem Tinsulanon, the honest general, had reported that General Kriangsak Chamanan will topple the government in order to regain the position of prime minister. It is because of this that relations between General Kriangsak Chamanan and General Prem Tinsulanon are strained and tense and it has caused both of these powerful people to finally view each other as political enemies.

Looking back, it was General Kriangsak who pushed General Prem into politics by jumping him from the position of assistant commander in chief of the army to the position of commander in chief of the army. The idea behind this was that this position would help bolster the security of the government.

At that time, the image held by people in general was that General Prem and General Kriangsak were still close to each other. But when this image later faded, General Kriangsak had to resign as head of the government at the beginning of 1980 and the person who stepped in as head of the government was this honest general himself.

These intelligence units that General Kriangsak said had caused people to become separated from the present head of government by having reported false information are the Central Intelligence Department and other unnamed units. But it is well known which units are involved with this type of information. In the past when General Kriangsak still held power in the government, he was the commander of these units both directly and indirectly, and he used these units to monitor the actions of politicians, students, laborers and the communist party. But when he became a politician, he became a member of the side that opposes the government, and reports like this make the Eagle of Bang Khen, as General Kriangsak is called, furious too.

There are many intelligence units that the government uses as tools to obtain political information for the government. These include the special security police, the Central Intelligence Department, the ISOC and the Directorate of Joint Intelligence and important units such as the Army Operations Center. All of these units mentioned above have subordinate units stationed throughout the country that "secretly" search for information by coordinating intelligence activities.

The Special Branch Division is directly subordinate to the Police Division. It is believed that this is an intelligence unit that is concerned with the political front. Secret Command 2, or "Bua Luang as it is known, and Command 7, or "Suriya," are the units responsible for monitoring political movements.

The Police Department has more than just one secret security unit that gathers intelligence. There are other intelligence units such as the Security Center, which the Police Department refers to as "506 and which is subordinate to the Commissioner's Office of the Border Patrol Police. Its sphere of responsibility is greater than that of the secret security police because it is concerned with national security.

The Central Intelligence Department is an important intelligence unit of the government. It compiles all the information gathered by other sources and presents it to the leaders of the country. It is directly subordinate to the Office of the Prime Minister. Its activities are "secret" and it has a wide sphere of operations. It is comparable to the United States CIA.

The Army Operations Center, or abbreviated AOC or "505" as it is known, has its headquarters at Bua Rungrod in Bangkok. It operates like a secret command unit also or capable of instantly becoming an operations unit especially the situation warrants since it has modern weapons and war materials. Even though the arena of these activities is placed on military security, the head itself also units that are concerned with domestic politics.

The ISOC, or Internal Security Operations Center, has an important intelligence role. Originally, Headquarters is located in Bua Rungrod. It is responsible for intelligence activities concerning political security, especially concerning communist activity. As far as being concerned with political matters or monitoring the behavior of certain individuals, the ISOC acts as a collection center for politics, review and police intelligence.

Concerning the National Security Center, or NSC, the elements of this unit have duties similar to those of the Police Department's special security police since they have the same sphere of operations. However, it is subordinate to the military.

Besides these, there are also many other secret intelligence units that have not been mentioned.

"The word 'intelligence' refers to various types of information that have been obtained from various sources and that officials have considered and determined to be reliable. Reports in the newspaper, for example, are not considered to be intelligence since after newspapers obtain information they print it immediately without first investigating or evaluating it," stated a military intelligence officer.

"Its importance as intelligence rests with it being true, or at least having more than a 50 percent probability of being true. If the probability is less than that, it is regarded as information. Real intelligence should come from actual intelligence sources but in actual practice this is not what happens since, at present, the intelligence that is presented is mostly information that has been summarized from the newspapers. You must admit that some newspapers are the tool of politicians or they are working in the interests of some politicians and so they present biased information. This results in the information that is presented to the public being totally slanted. When intelligence officials submit such information to their superiors, mistakes occur. Don't just report this and that. Many times, it is the same as when the reports from our intelligence units differ," stated an officer with the secret security police.

General Wanlop Rotchanawisut, the former director of the Directorate of Joint Intelligence, once stated that the reason that Field Marshal Thanom Kittikhachorn and Field Marshal Praphat Charusethien had to give up their positions and leave the country was because of bad intelligence concerning the 14 October affair. People were dissatisfied with the dictatorial government and meetings were held at Thammasat University. Police officials from the Chana Songkhram police station who were in charge of the area, reported that more people were gathering. They requested that the government solve the problem quickly. But the intelligence units of other sectors, especially the military, reported that nothing of importance was happening and that all these people would soon disappear into the hotel.

When this incorrect information that was not in accord with the facts was reported, it caused the government of Field Marshal Thanom Kittikhachorn to evaluate the situation incorrectly and to make wrong decisions. In the end, this led to a loss of Thai lives and property instead of a decision to improve the cabinet.

In the past period, concerning the intelligence reports that all the units have submitted to their superior units, these are usually reports that concern

politicians who oppose the government. But the various intelligence units do not dare report the wrong actions of people in the government since they are afraid that it is they who will have to leave their positions because of having reported something bad about someone in the government.

"As a government official, I had to file reports on those who oppose the government. Do you know that whenever the opposition forms a new government, the various intelligence units have to destroy the documents that were once submitted. Otherwise, there will be trouble. And those who now make the reports must belong to the side that has just taken power. Things go back and forth like this in our country," stated the former commander of the secret security police.

All of the above shows the activities of the intelligence units, units that are considered to be the eyes and ears of the government.

In the past, many innocent people were falsely accused of various things and some had to flee into the jungle and become terrorists.

The intelligence reports of these government units that are presently causing such apprehension and anger in General Kriangsak show that such past mistakes must have caused much greater pain for ordinary people like us. How much more, who can say?

11943
CSO: 4207/42

PROSPECTS FOR LABOR RELATIONS, WAGE DEVELOPMENTS IN 1982

Bangkok MATICHON in Thai 10 Dec 81 p 6

[Article by Suphachai Manatphaibun: "The Labor Situation"]

[Text] Of the approximately 330 labor unions, about 35 of these labor unions have fewer than 100 members. Besides this, the various labor unions have problems collecting membership fees from their members (besides the unions that have agreements to the effect that the employers will help pay the membership fees). This situation points to three types of problems in the movement:

1. The members still lack zeal, and they do not understand the labor union principles or methods. The committees do not have the interest or trust of the members in carrying on labor union activities.
2. The high-level organizations, that is, the Labor Federation and the Labor Council, are weak and cannot help provide the members with knowledge and understanding.
3. The Labor Council has not received membership fees from member labor unions.

The total number of employees who are members of a labor union does not exceed 150,000 people. And over half of these come from the approximately 70 state enterprise labor unions.

The separation into three different labor councils is normal during the initial period of a labor union movement. At present, the trend that can be clearly seen is that, in the end, only the Employees' Council will be left. At present, its membership totals more than 120 labor unions.

However, the disputes among the leaders of the labor councils is perhaps the reason why this situation in which there is more than one national labor council will continue to exist. In particular, the general election to be held by the Labor Council of Thailand sometime around May 1982 will be a good indication of the organization's direction of development in the next stage.

However, a good trend is that many labor leaders have increased their own knowledge and understanding concerning the labor laws and labor relations procedures. They are now able to serve as advisors, with acceptable positions, during negotiations. This has improved the image of the labor unions.

Labor leaders have taken turns in serving on various tripartite committees such as the Labor Relations Board, the Wage Council, the National Advisory Council for Labor Development and the judges panel on the Central Labor Court and in [attending] various seminars and this has been a good opportunity for them to learn.

1. The Employers' Associations

As for the employers, the development of an employers' organization so that they can play a role in creating a labor relations system is still backward. The government recognizes only the employers' associations that have registered in accord with the Labor Relations Act of 1975. There are only 13 small associations that have joined together to form the Employers' Council. Thus, the role of the Employers' Council in providing technical advice and statistical data in order to prevent and stop labor disputes is very limited.

However, the employers' weak state in cooperating with each other has been strengthened somewhat by the fact that managers have begun to join together in various associations such as the Business Management Association of Thailand, the Personnel Management Association and even the businessmen's associations in each industrial and commercial sector. If the government gives these associations a chance to play a greater role, this may help develop their labor relations in a more efficient way.

Representatives from both the employers and employees should change and become involved in various tripartite organizations together with representatives from the government. This will give people an opportunity to learn and generate a sense of responsibility in cooperating to resolve the various differences.

2. Labor Disputes

There have been more labor disputes during the last half of 1981 than there were during the first half. Since the employers and employees have been unable to reach an agreement themselves, disputes have been turned over to an arbitrator and many of the disputes have been successfully resolved. Some disputes have reached the point where strikes were called. These resulted from the internal differences of management. There were some cases of lockouts because the employees made too many demands during a business crisis in which the employers could not agree [to the demands].

But work lockouts occurred because management did not understand the rights and duties of each side concerning labor relations. There were many strikes and lockouts that lasted many weeks, and the number of work days lost in 1981 will be at least 300,000 days.

Such things are common in a complex business situation in which there are minor labor disputes. But strikes and lockouts last a long time. At many companies where the employers have encountered problems, they have been able to solve the problems and conflicts peacefully because of having the understanding of the employees, especially of the labor unions that understand the reasons.

The thing that will be a problem in 1982 is that the employees must pressure the government to remove some of their legal handicaps and pressure it to take more responsibility for unemployment and the great number of lay offs. In particular, marine transport workers and port laborers do not have any legal security or protection.

However, in order to remove the legal handicaps of the employees, it is necessary to clear up the ambiguities and remove the handicaps of the employers at the same time.

The various problems concerning labor disputes may lead to a confrontation between the government and the laborers. The only thing still lacking is some event to spark a confrontation.

3. Labor Administration

The government's role on the labor front is very important, both in watching things to ensure that both sides act in accord with the law and in promoting efficiency in hiring and making use of laborers. This refers to having reliable data concerning skilled manpower in the various sectors and to trying to find jobs for, train and develop the skills of the laborers.

Concerning labor laws, the government is considering revising the labor laws in order to eliminate the loopholes. It is planning to promulgate a Labor Protection Act instead of issuing a Ministry of Interior notice. Concerning labor protection, employee compensation rates may be increased. The Apprentice Law, which will promote the hiring of new laborers for training in skilled jobs, and the Seamen's Law are still stuck in the Ministry of Interior.

The Social Security Act may be revived in 1982 since, at present, the social security preparation committee has finished its work. The employers and employees and the government will all have to help by providing money to establish a social security fund. When this has been implemented it will help the employers and employees resolve their differences more easily.

State administrative action in a sphere that will benefit business is the expansion of the regional labor skills training, which is being supported by foreign countries in such areas as Khon Kaen, Song Khla and Nakhon Sawan. This will greatly help solve the problem of a lack of skilled workers, especially in the situation in which large numbers of skilled workers have gone abroad to work.

Many [Thai] governments have considered establishing a Ministry of Labor but this will probably not be carried out, even though the National Advisory Council for the Development of Labor has submitted a proposal and structural [outline] for a Ministry of Labor and Social Welfare to the minister of interior. The year 1982 may be the year when a Ministry of Labor is established.

4. Adjusting the Minimum Wage Rates

The minimum wage has been increased every year on 1 October. On 1 October 1981 the minimum wage, which had three rates in the different regions of the country, was changed to only two rates:

The rate of 61 baht per day applies to Bangkok, Nonthaburi, Samut Prakan, Samut Sakhon, Nakhon Prathom, Chiang Mai, Nakhon Ratchasima, Saraburi, Chonburi, Ranong, Phangnga, and Phuket. The old rate in Bangkok and the five surrounding provinces was 54 baht. As for the other seven provinces, this was a great increase from the former rates of 44 and 47 bath per day.

The rate of 52 baht per day applies to all the other provinces in the country. The former rates were 44 and 47 baht per day.

In general, the 1981 minimum wage rate increase was small, being only a 12.9 percent increase. But for Chiang Mai, Saraburi, Nakhon Ratchasima, Chonburi, Ranong, Phangnga and Phuket, which now have the same rate as Bangkok, this was too rapid an increase, and it has had a bad effect on several industries in these provinces.

Furthermore, this has caused hesitation among investors who had planned to invest in nearby provinces such as Ayuthaya, Rayong, Song Khla, Trang, Nakhon Sawan, Lampang, Ratchaburi and so on since in 1982 the minimum wage rate used in Bangkok might be used in these provinces too.

The year 1982 will be a fitting time for the wage committee to review the way the minimum wage rate is set. This must be done in coordination with the Ministry of Commerce so that wage and price changes are in harmony. This includes changing from setting a daily minimum wage to setting an hourly wage, which will help generate greater flexibility in hiring and using laborers.

5. Preparations to Handle the 1982 Labor Situation

Many businessmen have reviewed the manpower rate, and, in the present troubled business situation in which there is no sign of a recovery in the short term, they have reduced the number of workers by laying off large numbers of people. They began by not hiring temporary workers, not hiring new workers and reducing overtime work. Finally, they reduced the number of workers by laying off people and paying compensation as required by law.

Some places that have experienced labor disputes have improved production by instead using more.

Laying off workers must be done with care and the labor protection laws must not be violated. At the same time, good mutual relations must be created. Executives at all levels must be given training so that they understand the basic labor relations principles and adjust their views and behavior so they are in line with the changing situation, especially in cases where a labor union has been established.

This should be done in order to prevent having disputes with the labor unions. This is also a chance to enable the labor unions to be an instrument in helping to link the interests of the employers and employees.

In good personnel management activities, there will be manpower planning and manpower will be reduced gradually so that this affects the workers as little as possible. The capabilities of the workers will be developed to enable them to perform many duties so that they can be transferred within [the organization] when a position becomes available and so that, if they resign, they will have an opportunity to find a better job.

The management apparatus must be improved so that it can work efficiently using fewer workers.

Companies that do not make such preparations may experience the problem of having to lay off many workers at one time whenever business deteriorates.

Summary

In summary, it can be said that, concerning the labor situation in 1982, nothing alarming will occur. There will be few labor disputes since in a depressed business situation employees lack bargaining power and are afraid to make demands or strike.

But the economic situation in which employees and farmers lack purchasing power will cause the business situation to worsen instead of improving as stated by the government. And if the economic situation worsens and the problems of the people cannot be solved, the labor problems that will arise will not be problems between the employees and the employers but will be problems between the labor unions and the government.

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Feb 11, 1982